

Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

AEDIFICA

Public limited liability company
Public regulated real estate company under Belgian law
Registered office: avenue Louise 331-333, 1050 Brussels
Enterprise number: 0877.248.501 (RLE Brussels)
(the “Company”)

Half year financial report 2016/2017

- Aedifica’s portfolio surpassed the threshold of 100 senior housing sites, given the addition of 20 senior housing sites to the portfolio since the beginning of the 2016/2017 financial year
- Senior housing now represents 80 % of the portfolio, with a total value of €1,140 million and spread across 3 countries:
 - €834 million in Belgium (71 sites)
 - €201 million in Germany (21 sites)
 - €105 million in The Netherlands (8 sites)
- 30 % increase in rental income as compared to 31 December 2015, ahead of budget
- 39 % increase in profit excl. changes in fair value*, ahead of budget
- 54.0 % debt-to-assets ratio as of 31 December 2016
- For the 2nd consecutive year, Aedifica received the “EPRA Gold Award” in September 2016 for its Annual Financial Report (financial year 2014/2015)
- Unchanged dividend forecast for the current financial year (€2.25 gross per share)

* Alternative Performance Measure (APM) in accordance with ESMA (European Securities and Market Authority) guidelines published on 5 October 2015. Since many years, Aedifica uses in its financial communication Alternative Performance Measures according to the guidelines recently issued by the ESMA. Some of these APM are recommended by the European Public Real Estate Association (EPRA) and others have been defined by the industry or by Aedifica in order to provide readers with a better understanding of its results and performance. The APM used in this press release are identified with an asterisk (*). The performance measures which are defined by IFRS standards or by Law are not considered as APM, neither are those which are not based on the consolidated income statement or the balance sheet. The APM are defined, annotated and connected with the most relevant line, total or subtotal of the financial statements, in the notes of the condensed consolidated financial statements in attachment or in chapter “II. EPRA” below.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

I. Interim Board of Directors' report

1. Summary of the activities of the 1st half 2016/2017

Aedifica's investment strategy is mainly built on the strength of the demographic trend toward population ageing in Europe.

The half year under review was marked by a series of 20 additions to the portfolio, exclusively in the senior housing segment. Ten sites (rest homes in the Provinces of Antwerp, Limburg and Flemish Brabant) entered into the Group's Belgian portfolio. The German portfolio expanded considerably as well, adding six sites (rest homes in the States of Bavaria, Saxony-Anhalt and Berlin). Moreover, the Dutch portfolio, first established in early 2016, has grown significantly given the acquisition of four new sites (senior housing sites in the Provinces of Limburg, North Brabant and Utrecht). These acquisitions led Aedifica to surpass the threshold of 100 senior housing sites just prior to 31 December 2016. In addition, the first half has seen the completion of extension projects at the Villa Temporis and Au Bon Vieux Temps senior housing sites in Hasselt (Province of Limburg, Belgium) and Mont-Saint-Guibert (Province of Walloon Brabant, Belgium), respectively.

After 31 December 2016, Aedifica announced yet another acquisition of a senior housing site in The Netherlands (in the Province of Groningen), as well as completion of a rest home (in the Province of Limburg).

During the first half of 2016/2017, the fair value of marketable investment properties including assets classified as held for sale* increased by €299 million (i.e. +26 %), reaching €1,430 million by 31 December 2016 (€1,131 million at the beginning of the period).

In addition to its investment activities, Aedifica strives for optimal management of its real estate portfolio. The Company's portfolio provides for excellent rental incomes (an increase of 30 % as compared to the same period of the previous financial year), an increasing EBIT margin*, and a well-controlled financial result excl. changes in fair value*. Profit excl. changes in fair value* has reached €23.4 million (31 December 2015: €16.8 million, an increase of 39 %), i.e. €1.64 per share (31 December 2015: €1.20 per share). This result (absolute and per share) is ahead of budget.

Given the significant investments over the half, the consolidated debt-to-assets ratio has increased to 54.0 % as of 31 December 2016 (30 June 2016: 42.5 %).

Before even considering the new opportunities in Belgium, in Germany and in The Netherlands, the Company's future growth is ensured given its existing commitments to acquire, renovate, extend, and/or redevelop multiple sites. These projects fit perfectly with Aedifica's strategy which, in the senior housing segment, aims to improve existing sites and to develop new projects in partnership with tenants/operators. The pipeline as of 31 December 2016 for these types of projects represents a total committed budget of approx. €124 million, to be invested over a four-year period. This strategy allows Aedifica to maintain a portfolio of high-quality buildings that generate attractive net yields.

Finally, note that new investment opportunities are currently under consideration, in both Belgium and abroad. These potential investments are fully aligned with the Company's investment strategy, which is highly favoured by the market.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

2. Introduction

Aedifica aims to position itself as a market leader among listed Belgian healthcare real estate companies, particularly in terms of senior housing.

Its strategy is based on the demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing. The Company aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings and hotels and other building types.

Aedifica has been quoted on Euronext Brussels (continuous market) since 2006. Aedifica offers the investor an alternative to direct investment.

This interim Board of Directors' report is an update of the Board of Directors' report issued on 30 June 2016 as part of the 2015/2016 Annual Financial Report (which contains a glossary listing the definitions of the main technical terms used). Only the significant changes that have taken place since publication of the 2015/2016 Annual Financial Report are presented here.

3. Important events

3.1. Investments in Belgium

3.1.1. Acquisition of a portfolio of 8 senior housing sites in Belgium

On 19 August 2016, Aedifica acquired a portfolio of eight senior housing sites in Belgium given fulfilment of the outstanding conditions, announced in the press release of 24 May 2016. Aedifica took control of seven sites through the acquisition of real estate companies, and of one site through an asset deal. The portfolio comprises eight rest homes which are oriented toward seniors requiring permanent care and located in the Belgian provinces of Antwerp, Limburg and Flemish Brabant. All sites were built or redeveloped between 1996 and 2016. The Oosterzonne rest home is located in the centre of Zutendaal (8,000 inhabitants, Province of Limburg). The building comprises 82 units. The De Witte Bergen rest home is located in Lichtaart, a part of Kasterlee (18,000 inhabitants, Province of Antwerp). The site comprises 119 units. The Senioren timerhof rest home is located in Tongeren (31,000 inhabitants, Province of Limburg) and comprises 52 units; the site also offers extension potential. The Beerzelhof rest home is located in Beerzel, a part of Putte (17,000 inhabitants, Province of Antwerp) and comprises 61 units. The Uilenspiegel rest home is located in Genk (65,000 inhabitants, Province of Limburg) and comprises 97 units; the site also offers extension potential. The Coham rest home is located in Ham (11,000 inhabitants, Province of Limburg) and comprises 120 units; the site also offers extension potential. The Sorgvliet rest home is located in Linter (7,000 inhabitants, Province of Flemish Brabant) and comprises 83 units. The Ezeldijk rest home is located in Diest (23,000 inhabitants, Province of Flemish Brabant) and comprises 105 units. The cumulated contractual value of these eight sites amounts to approx. €97 million. The operation was financed in part using Aedifica's credit facilities and partly through the takeover of existing credit facilities. The operator of the rest homes is the non-profit



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

organisation ASBL Foyer de Lork. The group Senior Living Group took control over ASBL Foyer de Lork. The leases for these eight sites are irrevocable triple net long leases, which generate initial gross yields of more than 5 %. The contractual value amounts to approx. €97 million.

3.1.2. Acquisition a rest home in Glabbeek (Province of Flemish Brabant, Belgium)

On 30 September 2016, Aedifica announced the acquisition of a senior housing site in Glabbeek via the acquisition (by Aedifica and its subsidiary Aedifica Invest SA) of 100 % of the shares of WZC Arcadia SPRL. This operation is a part of the agreement in principle (announced on 12 June 2014) for acquisition of a portfolio of five rest homes in the Province of Flemish Brabant in collaboration with B&R (the construction group). Residentie Den Boomgaard is well located in the centre of the Glabbeek commune (5,000 inhabitants, Province of Flemish Brabant), approx. 20 km from Leuven. The building can welcome 90 residents. The acquisition has been financed using Aedifica's credit facilities. The operator of the site is an entity of the Vulpia Group. The contract established for the rest home is an irrevocable 27-year triple net long lease. The initial gross yield amounts to approx. 5.5 % for a contractual value of approx. €12 million.

3.1.3. Acquisition of a rest home in Anderlecht (Brussels, Belgium)

On 8 December 2016, Aedifica announced the acquisition of a rest home in Brussels, given fulfilment of the outstanding conditions, announced in the press release of 28 June 2016. Les Jardins de la Mémoire is situated in Anderlecht (115,000 inhabitants, Brussels-Capital Region). The site benefits from an excellent location on the Université libre de Bruxelles ("ULB") campus, where the Erasmus Hospital is also located. The rest home is specialised in caring for dementia patients. The building was constructed in 2005. Les Jardins de la Mémoire can welcome 110 residents, in 70 single rooms and 20 double rooms. This investment was carried out by the contribution in kind of the ownership of the building and the emphyteusis on the land, as well as by the takeover of an existing credit facility. The plot of land on which the building is situated is the subject of an 83-year long lease. The ULB holds the bare ownership of this plot of land. The transaction was financed in part by the issue of 65,952 new Aedifica shares for an amount of approx. €4 million and partly through the takeover of an existing credit facility of approx. €7 million. The new shares are fully paid-up, with no par value. These shares are quoted on the stock market as of 12 December 2016 and will give dividend rights for the 2016/2017 financial year, provided that the contributor will assume the expected dividend for the period from 1 July 2016 to 8 December 2016. The operator of the site is Les Jardins de la Mémoire ASBL, which became an entity of the group Senior Living Group during the summer of 2016. The contract established for the rest home is an irrevocable triple net long lease. The initial gross yield amounts to approx. 6 % for a contractual value of approx. €11 million.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.2. Investments in Germany

3.2.1. Acquisition of a portfolio of 5 senior housing sites in Germany

On 1 September 2016, Aedifica announced the acquisition of a portfolio of five rest homes in Germany following the fulfilment of the outstanding conditions, announced in the press release of 6 July 2016. The purchase price was paid in full, thus Aedifica SA controls henceforth the two Luxembourg companies that own the five sites. The operation was financed using Aedifica's credit facilities. The portfolio comprises five rest homes in the German states of Berlin, Bavaria and Saxony-Anhalt. All buildings were built between 2001 and 2003, with the exception of Frohnau rest home. The Am Kloster rest home is located at the outskirts of the city centre of Halberstadt (40,000 inhabitants, State of Saxony-Anhalt), 55 km southwest of Magdeburg. The site was built in 2003 and can welcome 136 residents. The Rosenpark rest home is located in Uehlfeld, a village near Höchstadt (13,000 inhabitants, State of Bavaria), at 40 km from Nuremberg. The rest home was built in 2003 and can welcome 79 residents. The Patricia rest home is located in a residential area in Nuremberg (500,000 inhabitants, State of Bavaria). The rest home was built in 2003 and can welcome 174 residents. The St. Anna rest home is located in a residential area at the outskirts of the historic centre of Höchstadt (13,000 inhabitants, State of Bavaria). The rest home was built in 2002 and can welcome 161 residents. The Frohnau rest home is located in Berlin (3,562,000 inhabitants, State of Berlin) in the area of Frohnau and can welcome 107 residents. The rest home was originally built in 1969 and subsequently renovated and expanded in 1992. The location and size of the site also offer future extension potential. The operator of the rest homes is the Vitanas group, a German company that has been active in the private senior care market since 1969. The leases for these five sites are new irrevocable long leases. Initial gross yields amount to more than 6 % for a contractual value of approx. €60 million.

3.2.2. Acquisition of a rest home in Berlin (Germany)

On 15 December 2016, Aedifica announced the acquisition of a rest home in Germany. The Residenz Zehlendorf rest home is located in Zehlendorf (59,000 inhabitants, State of Berlin), a green, residential area of Berlin city (3,600,000 inhabitants). The rest home benefits from an excellent location near two parks and a hospital. It was built in 1984 and renovated in 1993 and 2002. A complete renovation of the site is planned, allowing the building to meet current and future comfort and conformity requirements. The site will be renovated in phases to enable operations to continue during works. Upon completion of this renovation, the building will be able to welcome 145 residents. The investment budget for the project amounts to approx. €5 million. Completion of the works is expected in 2019. This investment was realised through the acquisition of the control of a company based in Luxembourg, which currently owns the building. The operation was financed using Aedifica's credit facilities. The rest home is rented and operated by Residenz Zehlendorf Kranken- und Pflegeheim GmbH, a subsidiary of the Aetas group. The contract established for the rest home is an irrevocable 25-year double net long lease. The initial gross yield amounts to approx. 7 %. The contractual value amounts to approx. €8 million. In time, Aedifica's total investment (including the renovation), will amount to approx. €13 million.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.3. Investments in The Netherlands

3.3.1. Acquisition of a portfolio of 3 senior housing sites in The Netherlands

On 14 September 2016, Aedifica announced the acquisition of a portfolio of three senior housing sites in The Netherlands. The portfolio comprises three senior housing sites in the Dutch provinces of Limburg and North Brabant. The Parc Imstenrade residence is located in Heerlen (87,000 inhabitants, Province of Limburg), approx. 20 km East of Maastricht. The site comprises multiple buildings dedicated for senior housing and care. The main building (a protected monument built in 1923, originally operated as a maternity hospital with a midwifery school) was entirely redeveloped as a senior housing site and expanded with addition of a new wing in 2000. Another new building was added to the site in 2007. Parc Imstenrade comprises 240 apartments for seniors, a care hotel in a separate building that comprises ten rooms and a wing for hospital care (“verpleeghuis”) comprising 13 units for seniors suffering from dementia. Moreover, the site (gross aboveground floor area of approx. 47,500 m²) contains several common areas, a restaurant, a convenience store, a physiotherapist’s office and approx. 380 above and underground parking spaces. The senior apartments are primarily rented out in the non-subsidised sector, but some apartments which are also offered in the subsidised sector. The site also contains plots of land which offer future extension potential. The Genderstate residence is located in Gestel, a residential area at the outskirts of Eindhoven’s city centre (225,000 inhabitants, Province of North Brabant). The site comprises two buildings and benefits from an excellent location in a green area next to public Genderpark park. The Genderstate residence is part of a larger site that offers several services and housing possibilities specifically for seniors in subsidised and non-subsidised sectors. Both buildings on the site were constructed in the early 2000s. The Genderstate residence (gross aboveground floor area of approx. 7,500 m²) contains 44 senior apartments (non-subsidised sector rentals) and approx. 45 above and underground parking spaces. The Petruspark residence is located in a residential area on the North side of Eindhoven (Province of North Brabant). The building was constructed in 1991 around a vast courtyard. The site (gross aboveground floor area of approx. 20,000 m²) comprises 139 senior apartments (non-subsidised rentals), a restaurant, several common areas and approx. 100 underground parking spaces. About half of the apartments were recently renovated and the other half will be renovated in the near future. Aedifica has allocated a budget amounting to €2 million to fund this ongoing renovation. These three sites are primarily or entirely focused on senior housing in the form of apartments that offer care services on-demand. The buildings weren’t designed as traditional rest homes (with rooms), rather, they were designed as classic apartment complexes, but with inclusion of specific accessibility features, common areas (e.g. restaurants, community spaces) and specialised facilities (e.g. on-call nursing services). Care and other services are optional for the residents. Nursing care is available on demand (as indicated by the presence of a wing for hospital care for seniors suffering from dementia in Parc Imstenrade). Consequently, these buildings offer a range of alternative usages, whether directed toward care services, traditional rentals, or sale on the private residential market. On 14 September 2016, Aedifica Nederland BV, a 100 % Dutch subsidiary of Aedifica SA, acquired the full property of the three sites. The contractual value of this portfolio amounts to approx. €73 million, including plots of land amounting to €1.5 million. The initial yields for the existing buildings amount to approx. 5.5 %. The operation was financed using Aedifica’s credit facilities. The operator of the three sites is Stichting Vitalis Residentiële Woonvormen. This foundation is part of the Vitalis WoonZorg Groep, a group of foundations that has been active in the senior care and housing market since 1969 (and since 1999 under the name of Vitalis), mainly in the



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

region of Eindhoven. Stichting Vitalis Residentiële Woonvormen sublets the apartments to residents and/or parts of the buildings to specialised operators (e.g. Stichting Vitalis Zorg Groep). Stichting Vitalis Zorg Groep (a foundation which is part of Vitalis WoonZorg Groep, but separated from Stichting Vitalis Residentiële Woonvormen) has committed itself to provide care services to the residents of the three sites for the duration of the lease period with Aedifica. The leases established with Stichting Vitalis Residentiële Woonvormen for these three sites are 15-year long leases (irrevocable by operator).

3.3.2. Acquisition of a care residence in Vleuten (Province of Utrecht, The Netherlands)

In 21 December 2016, Aedifica announced the acquisition of a senior housing site in The Netherlands. The Spes Nostra care residence is a small-scale residential care facility in the mid- to high-end market segment and is oriented toward seniors requiring on-going assistance. The site is located in Vleuten (7,000 inhabitants), an area near the historic centre of the city of Utrecht (340,000 inhabitants, Province of Utrecht). The building is a former convent, constructed in the 1950s, which was entirely redeveloped into a modern residential care facility for seniors. Transformation works were completed in November 2016. The site can welcome 30 residents. It also offers extension potential. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the Spes Nostra site. The contractual value amounts to approx. €7 million. The operation was financed using Aedifica's credit facilities. The site is operated by the Stepping Stones Home & Care group, a high-quality Dutch operator that has been active in the private senior care market since 2007. The lease established for this site is an irrevocable 20-year triple net long lease, which generates an initial gross yield of approx. 7 %. The acquisition of Spes Nostra marks the 100th senior housing site in Aedifica's portfolio.

3.3.3. Acquisition of a senior housing site in Oude Pekela (Province of Groningen, The Netherlands)

On 19 January 2016, Aedifica announced the acquisition of a new senior housing site in the Netherlands. The Het Dokhuis care residence benefits from an excellent location in the centre of Oude Pekela (8,000 inhabitants, Province of Groningen), approx. 35 km from the city of Groningen. The site was completed in 2016 and comprises a medical centre and a care residence. The medical centre (situated on the ground floor) includes a pharmacy, a general practitioners' office, a physical therapists' office, a psychologists' office and a centre for medical analysis. The care residence (situated on the first and second floors) is a small-scale residential care facility and is oriented toward seniors requiring on-going assistance. It can welcome 32 residents. Aedifica Nederland BV, a 100 % subsidiary of Aedifica SA, acquired the full property of the Het Dokhuis site. The contractual value amounts to approx. €5 million. The operation was financed using Aedifica's credit facilities. The care residence is operated by Stichting Oosterlengte, a Dutch foundation that has been active in the senior care market in the north of The Netherlands since 2000. The medical centre is operated by several tenants. The lease established for the care residence is an irrevocable 15-year double net long lease. The leases established with the medical centre's five operators are irrevocable double net leases with a weighted average residual maturity of 14 years. In accordance with these double net leases, the owner will assume responsibility for the building's insurance costs and local taxes. A part of the building's maintenance costs is borne by the owner as well. However, (complete) maintenance of the building will be covered by the seller for a 10-year period in accordance with a specific management agreement. The initial gross (double net) yield amounts to approx. 7.5 %.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.4. Completions of renovation and extension works

3.4.1. Completion of a senior housing site in Hasselt (Province of Limburg, Belgium)

On 30 September 2016, Aedifica announced the completion of phase I of the extension project of the Villa Temporis senior housing site, located in Hasselt (76,000 inhabitants, Province of Limburg). Phase I of the extension involved the construction of a new rest home with a capacity of 63 units. The 40 existing assisted-living apartments will be completely renovated during phase II. Villa Temporis is well located in a residential area, near the centre of Hasselt. The rest home was acquired in 2014 and is rented out to an entity of the Vulpia Group on the basis of a 27-year long lease. The lease generates an initial triple net yield of approx. 5.5 %. The contractual value of the site upon completion of phase I amounts to approx. €12 million (i.e. a contractual value of approx. €5 million for the existing building and plot of land and an invested budget of approx. €7 million for the construction project). The remaining investment budget for phase II will amount to approx. €2 million.

3.4.2. Completion of a senior housing site in Mont-Saint-Guibert (Province of Walloon Brabant, Belgium)

On 30 September 2016, Aedifica announced completion of a new building on the Au Bon Vieux Temps senior housing site, located in Mont-Saint-Guibert (7,000 inhabitants, Province of Walloon Brabant). The construction included a rest home with a capacity of 79 units and 25 assisted-living apartments. Au Bon Vieux Temps is well located in the vicinity of the centre of Mont-Saint-Guibert. The site was acquired in 2008 and is rented out to an entity of the group Senior Living Group on the basis of a long lease, generating an initial triple net yield of approx. 6 %. The investment budget for the extension amounted to approx. €10 million.

3.4.3. Completion of a rest home in Hasselt (Province of Limburg)

On 19 January 2017, Aedifica announced completion of phase I of the extension project of the Vinkenbosch rest home, located in Hasselt. Phase I of the extension involved the construction of a new rest home with a capacity of 80 units. During phase II, the initial building will be entirely redeveloped into a rest home with 30 units. After phase II (which is expected to start in 2017 and to be completed in 2018), the total capacity of the site will reach 110 units. Vinkenbosch is well located in a residential area in the centre of Kermt, part of Hasselt (76,000 inhabitants, Province of Limburg). The rest home was acquired in 2015 and is rented out to an entity of the group Senior Living Group on the basis of a long lease which generates a triple net yield of approx. 5.5 %. The contractual value of the site upon completion of phase I amounts to approx. €15 million.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.5. Disposals

The disposal program for the assisted-living apartments located in Tienen (49 apartments) reached completion in the first half. The remaining assisted-living apartments to be sold located in Residentie Poortvelden amount to approx. €4 million. In addition, the office building on rue Royale in Brussels (presented in the segment “hotels and others”) is due to be sold in early 2017. Thus, the assets classified as held for sale amount to €6 million as of 31 December 2016.

3.6. Development projects in progress

The following development projects are in progress:

- 't Hoge phase II (extension and renovation of a rest home in Kortrijk, West Flanders, Belgium);
- Molenenk (construction of a care residence in Deventer, Overijssel, The Netherlands);
- Op Haanven phase II (extension and renovation of a rest home in Veerle-Laakdal, Antwerp, Belgium);
- La Ferme Blanche (extension and renovation of a rest home in Remicourt, Liège, Belgium);
- Prinsenhof (extension and renovation of a rest home in Koersel, Limburg, Belgium);
- L’Air du Temps (extension and renovation of a rest home in Chênée, Liège, Belgium);
- Les Cheveux d’Argent (extension of a rest home in Sart-lez-Spa, Liège, Belgium);
- Villa Temporis phase II (renovation of a rest home in Hasselt, Limburg, Belgium);
- Plantijn (extension and renovation of a rest home in Kapellen, Antwerp, Belgium);
- Walgaerde (transformation to a care residence in Hilversum, North Holland, The Netherlands).

3.7. Financing

In terms of financing, the following events have occurred since the beginning of the 2016/2017 financial year:

- August 2016: assumption of investment credit facilities as part of the acquisition of a portfolio of eight senior housing sites in Belgium (€33 million maturing between now and 2035);
- September 2016: established new bilateral credit facilities with ING (€40 million and €20 million, maturing in 2021 and 2023, respectively);
- October 2016: established two new bilateral credit facilities with BNP Paribas S.A. Niederlassung Deutschland, a new banking relationship in Germany (2 x €15 million, both maturing in 2021);
- December 2016: assumption of investment credit facilities as part of the acquisition of a rest home in Belgium (€7 million maturing between now and 2036);
- February 2017: established a new bilateral credit facility with Triodos Bank (€20 million, maturing in 2024);
- February 2017: refinancing of two credit facilities with ING which were due to mature in April 2017 (€30 million) and in November 2017 (€25 million), extending them to 2024 (€55 million).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Taking into account the abovementioned financing arrangements, the timetable showing maturity of Aedifica's current credit facilities is as follows (in € million):

	<u>Lines</u>
- 2016/2017 :	0
- 2017/2018 :	67
- 2018/2019 :	131
- 2019/2020 :	80
- 2020/2021 :	91
- 2021/2022 :	167
- 2022/2023 :	160
- 2023/2024 :	156
- 2024/2025 and following :	<u>49</u>
Total as of 21 February 2017	900
Weighted Average Maturity (years)	4.6

Establishment of these credit facilities again demonstrates the strong and durable relationship Aedifica maintains with its banks.

3.8. Optional dividend

On 28 October 2016, Aedifica's Board of Directors decided to offer shareholders the possibility to contribute their 2015/2016 net dividend entitlement back into the capital of the Company in exchange for new shares. Shareholders were given the option to subscribe for one new share at an issue price of €65.919 per 43 no. 15 coupons (valued at €1,533 net each) contributed. Aedifica's shareholders opted to contribute approx. 37% of their net dividend entitlement back into the capital of the Company in exchange for new shares (i.e. instead of cash dividend payment). This resulted in a capital increase of approx. €8 million for Aedifica¹.

3.9. Other events

- Aedifica receives financial communication award

On 8 September 2016, Aedifica received a 2nd consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2014/2015), keeping the Company at the top of the 117 real estate companies assessed by EPRA, the European association of listed real estate companies.

¹ See press release of 2 December 2016.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

4. Consolidated portfolio as of 31 December 2016

During the first half of the current financial year, Aedifica increased its portfolio of **marketable investment properties including assets classified as held for sale*** by €299 million, from a fair value of €1,131 million to €1,430 million (€1,456 million for the investment properties including assets classified as held for sale*). This 26 % growth comes mainly from net acquisitions during the first half of the financial year (see sections 3.1., 3.2. and 3.3. above), completion of development projects (see section 3.4. above) and changes in the fair value of marketable investment properties recognised in income (+6.7 million, or +0.5 % over the first half). The fair value of marketable investment properties, as assessed by independent experts, is broken down as follows:

- senior housing: + €10.0 million, i.e. +0.9 %;
- apartment buildings: - €0.2 million, i.e. -0.1 %; and
- hotels and other: - €3.1 million, i.e. -4.3 %.

On 31 December 2016, Aedifica has 185 marketable investment properties including assets classified as held for sale*, with a total surface area of approx. 745,000 m², consisting mainly of:

- 100 senior housing sites with a capacity of 9,782 residents;
- 865 apartments; and
- 6 hotels comprising 521 rooms.

The breakdown by sector is as follows (in terms of fair value):

- 80 % senior housing;
- 15 % apartment buildings; and
- 5 % hotels and other building types.

The geographical breakdown is as follows (in terms of fair value):

- 79 % in Belgium, of which:
 - 47 % in Flanders;
 - 22 % in Brussels;
 - 10 % in Wallonia;
- 14 % in Germany; and
- 7 % in The Netherlands.

The **occupancy rate² of the total unfurnished portion of the portfolio** (representing 95 % of the fair value of marketable investment properties) reached 98.2 % as of 31 December 2016, a slight increase compared to 30 June 2016 (98.1 %).

² The occupancy rate is calculated as follows:

- For the total portfolio (excluding the furnished apartments): (contractual rents + guaranteed income) / (contractual rents + estimated rental value (ERV) on vacant areas of the property portfolio). We note that this occupancy rate includes the investment properties for which units are in renovation and hence temporarily not rentable.
- For the furnished apartments: % rented days during the financial year. This occupancy rate can thus not be compared to the one calculated on the rest of the portfolio, as the methodology is specific to this segment.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

The **occupancy rate of the furnished portion of the portfolio** (representing only 5 % of the fair value of marketable investment properties) reached 71.1 % over the first six months of the financial year. This is a decline compared to the occupancy rate realised for the first six months of the previous financial year (81.0 %) and for the full 2015/2016 financial year (78.6 %) due to the reasons mentioned below (see section 6.1.).

The **overall occupancy rate**³ of the total portfolio reached 98 % as of 31 December 2016.

The **average remaining lease maturity** for all buildings in the Company's portfolio is 20 years; this is unchanged as compared to 30 June 2016. This impressive aggregate performance is explained by the large proportion of long-term contracts (such as long leases) in the Company's portfolio.

³ Rate calculated according to the EPRA methodology.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

5. Gross yield by segment

The table below presents the **portfolio's gross yield by segment**, compared to the fair value of the marketable investment properties, increased (for furnished apartments) by the goodwill and the carrying amount of the furniture.

In general, the gross yield amounts to 5.6 %.

31 December 2016						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	1,140,263	220,767	68,576	1,429,607	26,685	1,456,292
Annual contractual rents	65,513	10,914 °	4,494	80,921	-	-
Gross yield (%) °°	5.7%	4.9%	6.6%	5.6%	-	-

30 June 2016						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	839,921	219,332	71,657	1,130,910	25,924	1,156,834
Annual contractual rents	49,299	11,779 °	4,533	65,611	-	-
Gross yield (%) °°	5.9%	5.3%	6.3%	5.8%	-	-

31 December 2015						
(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Marketable investment properties incl. assets classified as held for sale*	Development projects	Investment properties incl. assets classified as held for sale*
Fair value	755,039	217,005	72,112	1,044,156	20,253	1,064,679
Annual contractual rents	44,203	12,2081 °	4,491	60,775	-	-
Gross yield (%) °°	5.9%	5.6%	6.2%	5.8%	-	-

° The amounts related to the furnished apartments correspond to the annualised rental income excl. VAT.

°° Based on the fair value (re-assessed every 3 months, increased with the goodwill and the furniture for the furnished apartments). In the senior housing segment, the gross yield and the net yield are generally equal ("triple net" contracts), with the operating charges*, the maintenance costs and the rents on empty spaces related to the operations being, in Belgium and in The Netherlands, supported by the operator (the same applies for hotel lease contracts). In Germany, the net yield is generally lower than the gross yield, with certain charges remaining at the responsibility of the owner, such as the repair and maintenance of the roof, structure and facades of the building ("double net" contracts).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

6. Analysis of the half year consolidated accounts

The condensed Consolidated Financial Statements prepared in accordance with IAS 34, are presented on page 50 of this half year financial report. The following sections of the interim Board of Directors' Report analyse the financial statements using an analytical framework that conforms to the Company's internal reporting structure.

6.1. Consolidated results⁴

Consolidated income statement - analytical format (x €1,000)	31 December 2016	31 December 2015
Rental income	37,253	28,654
Rental-related charges	-27	-19
Net rental income	37,226	28,635
Operating charges*	-5,338	-5,281
Operating result before result on portfolio	31,888	23,354
EBIT margin* (%)	86%	82%
Financial result excl. changes in fair value*	-8,104	-6,293
Corporate tax	-416	-241
Profit excl. changes in fair value*	23,368	16,820
Denominator (IAS 33)	14,220,596	14,064,202
Earnings per share excl. changes in fair value* (€/share)	1.64	1.20
Profit excl. changes in fair value*	23,368	16,820
Changes in fair value of financial assets and liabilities	3,443	-951
Changes in fair value of investment properties	597	7,866
Gains and losses on disposals of investment properties	69	0
Deferred taxes	-640	-363
Roundings	0	0
Profit (owners of the parent)	26,837	23,372
Denominator (IAS 33)	14,220,596	14,064,202
Earnings per share (owners of the parent - IAS 33 - €/share)	1.89	1.66

The consolidated turnover (**consolidated rental income**) for the first half of the current financial year amounts to €37.3 million, i.e. +30 % compared to the same period of the previous financial year. This is above the half year budget as derived from the annual outlook for the 2016/2017 financial year presented in the 2015/2016 Annual Financial Report, owing to the timing and the amount of the acquisitions as compared to what was budgeted.

⁴ The consolidated income statement covers the 6-month period from 1 July 2016 to 31 December 2016. Acquisitions are accounted for on the date of the effective transfer of control. Therefore, these operations present different impacts on the income statement, depending on whether they took place at the beginning, during, or at the end of the period.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Changes in consolidated rental income are presented for each segment in the table below:

Consolidated rental income (x €1,000)	31 December 2016	31 December 2015	Var. (%) on a like-for-like basis*	Var. (%)
Senior housing	29,726	20,720	+1.5%	+43.5%
Apartment buildings	5,475	5,999	-8.7%	-8.7%
Hotels and other	2,151	1,995	+7.8%	+7.8%
Inter-segment	-99	-60		
Total	37,253	28,654	-0.5%	+30.0%

The increase in rental income in the senior housing segment (+43.5 % as compared to the same period of the previous financial year overall or +1.5 % on a like-for-like basis) demonstrates the relevance of Aedifica's investment strategy in this segment, which generates nearly 80 % of the Company's turnover and more than 90 % of its operating result before result on portfolio.

The rental incomes of the apartment buildings, and in particular furnished apartments, have declined given difficult market conditions (the security situation and changes within the Brussels' regulatory framework for short term stays) and the ongoing renovation and transformation program. Their evolution compared to the previous financial year is in line with the evolution observed over the first quarter⁵.

The rental incomes of the hotels and others have increased over the first half. The Company does not expect this growth to continue during the second half, given the actual ratio between the rents and the earnings of some of the tenants.

After deducting **rental-related charges**, the **net rental income** amounts to €37.2 million (+30 % as compared to 31 December 2015).

The **property result** is €36.8 million (31 December 2015: €27.9 million). This result, less other direct costs, provides a **property operating result** of €35.4 million (31 December 2015: €26.4 million), which represents an operating margin* of 95 % (31 December 2015: 92 %).

After deducting overheads of €3.8 million (31 December 2015: €3.0 million) and taking into account other operating income and charges, the **operating result before result on portfolio** has increased by 37 % to reach €31.9 million. This result represents an **EBIT margin*** of 86 % (31 December 2015: 82 %) and is ahead of budget.

The new IFRIC 21 interpretation "Levies" has the effect of deferring recognition of taxes in the income statement to the second half of the financial year. These taxes are recognised in the operating charges*. Had these taxes been allocated to the first half using the pro rata method, the EBIT margin* would have amounted to approx. 83 %, instead of the 86 % noted in the previous paragraph.

The share of each segment in the operating result before result on portfolio (i.e. the segment result under IFRS 8) is detailed in Note 3 of the Condensed Consolidated Financial Statements below.

⁵ See press release of 16 November 2016.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

After taking account of the cash flows generated by hedging instruments (described below), **net interest charges** amount to €7.6 million (31 December 2015: €5.9 million). The average effective interest rate* (2.4 % before capitalising interest on development projects) decreased as compared to that reported in the first half of 2015/2016 (3.0 %) and is lower than the budgeted interest rate. Taking into account other income and charges of financial nature, and excluding the net impact of the revaluation of hedging instruments to their fair value (non-cash movements accounted for in accordance with IAS 39 are not included in the profit excl. changes in fair value* as explained below), the **financial result excl. changes in fair value*** represents a net charge of €8.1 million (31 December 2015: €6.3 million), in line with budget.

Corporate taxes are composed of current taxes and deferred taxes. In conformity with the Company's legal status (i.e. as a RREC), current taxes (€0.4 million; 31 December 2015: €0.2 million) consist primarily of Belgian tax on the Company's non-deductible expenditures, tax generated abroad by the Company and tax on the result of consolidated subsidiaries. These taxes are below budget. Deferred taxes are described below.

Profit excl. changes in fair value* reached €23.4 million (31 December 2015: €16.8 million), or €1.64 per share, based on the weighted average number of shares outstanding (31 December 2015: €1.20 per share). This result is ahead of budget, both in absolute and per share amounts.

The income statement includes, among other things, elements with no monetary impact (that is to say, non-cash) which vary as a function of market parameters. These consist of (1) changes in the fair value of investment properties (accounted for in accordance with IAS 40), (2) changes in the fair value of financial assets and liabilities (accounted for in accordance with IAS 39) and (3) deferred taxes (arising from IAS 40):

- Over the first six months of the financial year, **changes in the fair value of marketable investment properties⁶** taken into income amounted to +0.5 %, or +€6.7 million (31 December 2015: +€8.3 million). A change in fair value of -€6.1 million was recorded on projects (compared to -€0.4 million for the same period in the previous year). The combined change in fair value of marketable investment properties and projects represents an increase of €0.6 million for the half (31 December 2015: €7.9 million).
- In order to limit the interest rate risk stemming from the financing of its investments, Aedifica has put in place very conservative hedges (called "cash flow hedges") which, over the long term⁷, allow for the conversion of variable rate debt to fixed-rate debt, or to capped-rate debt. These financial instruments are detailed in Note 9 of the attached Condensed Consolidated Financial Statements. Moreover, the financial instruments also reflect put options granted to non-controlling shareholders (in relation to the subsidiaries that are not wholly owned by the Group) which are the subject to appraisal at fair value (see Note 16). **Changes in the fair value of financial assets and liabilities** taken into income as of 31 December 2016 represent an income of €3.4 million (31 December 2015: charge of €1.0 million).

⁶ Corresponding to the sum of the positive and negative variations between that of 30 June 2016 or the time of entry of new buildings in the portfolio, and the fair value estimated by experts as of 31 December 2016.

⁷ Long term hedges permit a notable reduction in the interest rate risk on investment financing that generates revenues over the long term, such as long leases; note once again that the average remaining leasing maturity of Aedifica's leases is 20 years.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

- **Deferred taxes** (charge of €0.6 million as of 31 December 2016 as compared to the charge of €0.4 million on 31 December 2015) arose from the recognition at fair value of the buildings located abroad, in conformity with IAS 40. These deferred taxes (with no monetary impact, that is to say non-cash) are thus excluded from the result excl. changes in fair value*.

Given the non-monetary elements described above, **profit (attributable to owners of the parent)** for the half amounts to €26.8 million (31 December 2015: €23.4 million). The earnings per share (basic earnings per share, as defined in IAS 33) is €1.89 (31 December 2015: €1.66).

6.2. Consolidated balance sheet

Consolidated balance sheet (x €1,000)	31 December 2016	30 June 2016
Investment properties including assets classified as held for sale*	1,456,292	1,156,834
Other assets included in debt-to-assets ratio	23,974	15,832
Other assets	<u>2,259</u>	<u>496</u>
Total assets	1,482,525	1,173,162
Equity		
Equity excl. changes in fair value of hedging instruments*	673,513	668,155
Effect of the changes in fair value of hedging instruments	<u>-41,386</u>	<u>-47,407</u>
Equity	632,127	620,749
Liabilities included in debt-to-assets ratio	799,174	498,796
Other liabilities	<u>51,224</u>	<u>53,617</u>
Total equity and liabilities	1,482,525	1,173,162
<i>Debt-to-assets ratio (%)</i>	<i>54.0%</i>	<i>42.5%</i>

As of 31 December 2016, **investment properties including assets classified as held for sale*** represent 98 % (30 June 2016: 99 %) of the **assets** recognised on Aedifica's balance sheet, valued in accordance with IAS 40⁸ at €1,456 million (30 June 2016: €1,157 million). This heading includes:

- Marketable investment properties including assets classified as held for sale* (31 December 2016: €1,430 million; 30 June 2016: €1,131 million), which marked an increase of €299 million. The net growth in the fair value of marketable investment properties* is attributed mainly to +€268 million from investment operations (see points 3.1., 3.2. and 3.3. above), to +€21 million from the completion of development projects (see point 3.4. above) and to +€7 million from the change in fair value of marketable investment properties.
- Development projects (31 December 2016: €27 million; 30 June 2016: €26 million), consist primarily of investment properties under construction or renovation (see point 3.6. above). These projects are undertaken in the context of the multi-annual investment budget described in section 1.2. of the Property report below.

Other assets included in the debt-to-assets ratio represent 2 % of the total balance sheet (30 June 2016: 1 %).

⁸ That is to say, accounted for at their fair value as determined by independent real estate experts (i.e. Stadim CVBA, de Crombrughe & Partners NV and CBRE GmbH).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Since Aedifica's formation, its capital has increased steadily along with its real estate activities (contributions, mergers, etc.) and thanks to capital increases (in cash) in October 2010, December 2012 and June 2015. The Company's capital has increased to €379 million as of 31 December 2016⁹ (30 June 2016: €374 million). **Equity** (also called net assets), which represents Aedifica's intrinsic net value and takes into account the fair value of its investment portfolio, amounts to:

- €674 million excluding the effect of the changes in fair value of hedging instruments (30 June 2016: €668 million, including the €30 million dividend distributed in December 2016);
- or €632 million including the effect of the changes in fair value of hedging instruments (30 June 2016: €621 million, including the €30 million dividend distributed in December 2016).

As of 31 December 2016, **liabilities included in the debt-to-assets ratio** (as defined in the Royal Decree of 13 July 2014 on RRECs) reached €799 million (30 June 2016: €499 million), of which €769 million (30 June 2016: €479 million) represent amounts drawn on the Company's credit facilities. The consolidated **debt-to-assets ratio** amounts to 54.0 % (30 June 2016: 42.5 %).

Since the consolidated debt-to-assets ratio exceeds 50 %, the Company updated its financial plan and specified an implementation schedule, which describes the measures taken to prevent the consolidated debt-to-assets ratio from exceeding the threshold of 65 % of total consolidated assets, in accordance with Article 24 of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies. Aedifica's statutory auditor drafted a special report on the financial plan confirming that he inspected the details of the plan, most notably its design and the consistency of its economic assumptions, and that the plan's figures are consistent with the Company's accounting. The financial plan and the statutory auditor's special report have been transmitted to the FSMA for information purposes. This plan indicates that:

- since the maximum ratio permitted for RRECs is set at 65 % of total assets, Aedifica maintained an additional consolidated debt capacity of €162 million in constant assets¹⁰ or €465 million in variable assets¹¹ on 31 December 2016. Conversely, the balance sheet structure permits Aedifica to absorb a decrease of up to 17 % in the fair value of its investment properties (all else equal) before reaching the maximum debt-to-assets ratio. Given the Company's existing bank covenants, which further limit the maximum debt-to-assets ratio to 60 %, the available headroom amounts to €88 million in constant assets, €222 million in variable assets, and -10 % in the fair value of investment properties. In this regard, Aedifica considers that the actual debt-to-assets ratio is at an adequate level and that it provides a margin sufficiently large to absorb any decreases in the fair value of its investment properties. Furthermore, the assessments made by independent experts have demonstrated a continuous increase (of approx. 1 % to 2 %) in the fair value of marketable investment properties* between 1 January 2010 and 31 December 2016, which serves to moderate the increase in the debt-to-assets ratio due to investments.

⁹ Recall that IFRS requires that the costs incurred to raise capital are recognised as a decrease in the capital reserves.

¹⁰ That is, excluding growth in the real estate portfolio.

¹¹ That is, taking into account growth in the real estate portfolio.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

- given the Company's current commitments and the vision on future market conditions, neither the 60 % threshold nor the 65% threshold would be breached during the period covered by the plan (2017-2023). In the shorter term, the consolidated debt-to-assets ratio would likely reach 54 % by the end of the second half of the 2016/2017 financial year. Aedifica therefore considers that no additional measures need to be taken at present. If policies regarding the debt-to-assets ratio need to be adjusted in response to unexpected events, action will be taken immediately and disclosed in the Company's periodic reports.

Other liabilities amount to €51 million (30 June 2016: €54 million) and consist mainly of the fair value of hedging instruments (31 December 2016: €40 million; 30 June 2016: €46 million).

6.3. Net asset value per share

The table below details the change in the **net asset value per share**.

Excluding the non-monetary effects (that is to say, non-cash) of the changes in fair value of hedging instruments¹² and after accounting for the distribution of the 2015/2016 dividend in December 2016¹³, the net asset value per share based on the fair value of investment properties is €43.96 as of 31 December 2016 (30 June 2016: €41.64 per share).

Net asset value per share (in €)	31 December 2016	30 June 2016
Net asset value excl. changes in fair value of hedging instruments*	46.83	44.98
Effect of the changes in fair value of hedging instruments	-2.88	-3.34
Net asset value	43.96	41.64
Number of share outstanding (excl. treasury shares)	14,380,656	14,192,032

Number of shares	31 December 2016	30 June 2016
Number of shares outstanding [°]	14,380,656	14,192,032
Total number of shares	14,380,656	14,192,032
Total number of shares on the stock market ^{°°°}	14,380,656	14,172,176
Weighted average number of shares outstanding (IAS 33)	14,220,596	14,122,758
Number of dividend rights ^{°°}	14,380,656	14,186,987

[°] After deduction of the treasury shares.

^{°°} Based on the rights to the dividend for the shares issued during the year.

^{°°°} 19,856 shares were traded on 2 November 2016. 122,672 shares were traded on 2 December 2016. 65,952 shares were traded on 12 December 2016.

¹² The effect of the changes in fair value of hedging instruments of -€2.88 per share as of 31 December 2016 is the impact in equity of the fair value of hedging instruments, which is negative for €41 million, mainly booked in the liabilities on the balance sheet.

¹³ Recall that IFRS requires the presentation of the annual accounts before appropriation. Net assets in the amount of €43.74 per share as of 30 June 2016 thus included the dividend distributed in December 2016, and should be adjusted by €2.10 per share in order to compare with the value as of 31 December 2016. This amount corresponds to the amount of the total dividend (€30 million) divided by the total number of shares outstanding as of 30 June 2016 (14,192,032).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

7. Outlook

The Board of Directors continues to pay close attention to the evolution of the economic and financial conditions and the associated effects on the Group's activities.

In the current economic climate, Aedifica's **key strengths** include the following:

- Its strategic focus on health care real estate and its expansion in Europe, which allows the Company to adapt to shifting market opportunities and economic conditions, in the context of an ageing population.
- Thanks to its investments in senior housing, Aedifica benefits from indexed long-term rental incomes, which generate high net yields. The average remaining lease maturity on the total of its leases (20 years) provides a very good view toward the majority of its future income streams over the long term.
- External financing of the real estate portfolio (including commitments for development projects) is assured, with credit facilities in place totalling €900 million and none of these are reaching maturity before the end of the 2016/2017 financial year. At present drawings on these credit facilities are in large part covered by hedging instruments.
- Aedifica is in a good solvency position, with a consolidated debt-to-assets ratio of 54.0 % as of 31 December 2016 (below the maximum legal limit of 65 % imposed for Belgian REITs and the contractual maximum of 60 % established in bank covenants). This is further supported by the stable fair values that the Company's real estate portfolio has demonstrated over many years. Aedifica enjoys a balance sheet structure that permits executing development projects and renovations (commitments representing approx. €124 million as of 31 December 2016, of which approx. €99 million are to be realised within a four-year period) and to realise new investments.

The dividend expectation for the current financial year, as published in the 2015/2016 Annual Financial Report, remains unchanged at €2.25 gross per share, this represents an increase of 7 % compared to the dividend distributed for the 2015/2016 financial year.

8. Aedifica rankings

According to the "Weekly table value", published on 10 February 2017 by Bank Degroof Petercam, Aedifica is currently the 4th largest Belgian REIT in terms of market capitalisation.

Moreover, between 31 December 2006 and 31 December 2015, Aedifica rose successfully from 36th to 8th place in the ranking of the 100 largest real estate portfolios in Belgium (according to the "Investors Directory 2016", published by Expertise BVBA in January 2016).



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

9. Principal risks and uncertainties

The Board of Directors considers that the key risk factors summarised in pages 2 to 11 of the 2015/2016 Annual Financial Report are relevant for the remaining months of the 2016/2017 financial year, while specifying the following items:

- As from 1 January 2017, the withholding tax on dividends distributed by Aedifica will amount to 15%. Pursuant to Articles 89, 90 and 91 of the Act of 18 December 2016 which came into effect as from 1 January 2017, RRECs benefit from a reduced withholding tax rate of 15% (instead of 30%), provided that at least 60% of the Company's real estate portfolio is (directly or indirectly) invested in real estate properties which are situated in a member state of the European Economic Area and which are exclusively or primarily destined for care and housing units suited for healthcare. Aedifica's shareholders will in principle benefit from this reduced rate as from 1 January 2017, as more than 60% of the Company's portfolio is invested in senior housing; the administrative modalities to prove the abovementioned conditions remain to be established by Royal Decree.
- Recall that given the dynamism of the large group of professional operators active in the senior housing segment, and the ongoing consolidation of this market, it is highly likely that one or more business combinations will occur among groups related to legal entities with which the Company has entered into lease agreements. Aedifica indicated in its Annual Financial Report 2015/2016 that as a result of the combination of Armonea and Soprim@ groups (two Belgian operators in the senior care segment) the share of consolidated assets invested by Aedifica in properties made available for entities controlled by the Armonea group represented approx. 21 % as of 30 June 2016. This share was subsequently reduced to 17 % (situation as of 31 December 2016) due to Aedifica's investment policy. Other data concerning these groups is provided in section 2.7. of the Property Report below.

10. Related party transactions

Related party transactions, as defined under IAS 24 and by the Belgian Companies Code, are addressed in Note 15 of the attached condensed Consolidated Financial Statements. These transactions comprise the remuneration of Aedifica's directors and Executive Managers.

Moreover, certain types of transactions are covered by Article 37 of the Act of 12 May 2014 on RREC (with the exception of cases explicitly covered by Article 38 of the same Act). Over the course of the first half of the 2016/2017 financial year, no transactions covered by this Article and outside of normal business transactions were executed between Aedifica and its regular service providers.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

11. Corporate governance

11.1. Renewal of terms of office

The Annual General Meeting of 28 October 2016 renewed, with immediate effect and for a period of 3 years (until the end of the Annual General Meeting of 2019) the office of Mr. Jean Kotarakos, as executive Director, and the office of Mr. Jean Franken, as non-executive independent Director.

11.2. Outgoing Director

Recall that Mr. Olivier Lippens ended his mandate as Director and Chairman of the Board of Directors (see press release of 30 September 2016). The Board once again expresses its appreciation for his contribution to Aedifica's development.

11.3. Election of a new Chairman of the Board of Directors

As announced on 30 September 2016, Mr. Serge Wibaut was appointed new Chairman by the Board of Directors. Mr. Serge Wibaut has been a member of the Board of Directors since 2015, as Independent Director, and was Chairman of the Audit Committee since 2016. He has become a member of the Investment Committee as well.

Mr. Wibaut has been replaced by Mrs. Adeline Simont in the position of Chairman of the Audit Committee. Mrs. Simont has been a member of the Board of Directors since 2005. Although Mrs. Simont is not an Independent Director, the Board of Directors is convinced she meets all the necessary conditions for this interim office in terms of competencies as well as experience.

Brussels 20 February 2017.
The Board of Directors.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

II. EPRA¹⁴

Aedifica's shares were added to the "FTSE EPRA/NAREIT Developed Europe Index" on 18 March 2013. Aedifica passed all eligibility criteria for inclusion in the EPRA indices during the March 2013 quarterly review.

The EPRA ("European Public Real Estate Association") is the voice of Europe's publicly traded real estate sector and the most widely used global benchmark for listed real estate. It represents more than 220 active members and over €365 billion in real estate assets. The European indices include nearly 100 constituents, with a free-float market capitalisation of almost €200 billion. The criteria for inclusion in the indices are publicly available on the EPRA website (www.epra.com).

Aedifica is registered in the European Index with a weighting of approx. 0.5 % and in the Belgian Index with a weighting of approx. 14 %.

Aedifica supports this approach to reporting standardisation, which has been designed to improve the quality and comparability of information. The Company supplies its investors with most of the indicators calculated according to the information recommended by EPRA.

Key performance indicators according to the EPRA principles

	31 December 2016	31 December 2015
EPRA Earnings* (in €/share)	1.64	1.20
EPRA Cost Ratio (including direct vacancy costs)* (in %)	14%	18%
EPRA Cost Ratio (excluding direct vacancy costs)* (in %)	14%	18%
	31 December 2016	30 June 2016
EPRA NAV* (in €/share)	47.17	45.14
EPRA NNNAV* (in €/share)	43.32	41.45
EPRA Net Initial Yield (NIY) (in %)	5.2%	5.2%
EPRA Topped-up NIY (in %)	5.2%	5.2%
EPRA Vacancy Rate (in %)	2%	2%

On 8 September 2016, Aedifica received a 2nd consecutive "EPRA Gold Award" for its Annual Financial Report (financial year 2014/2015), as mentioned in section 3.9. of the interim Board of Directors' Report above.

¹⁴ The data in this chapter is not required by the RREC regulation.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica uses EPRA Earnings* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the profit (attributable to owners of the Parent) after corrections recommended by the EPRA. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

EPRA Earnings*	31 December 2016	31 December 2015
<i>x €1,000</i>		
Earnings for IFRS (owners of the parent) income statement	26,837	23,372
Adjustments to calculate EPRA Earnings*, exclude:		
(i) Changes in fair value of investment properties, development properties held for investment and other interests	-597	-7,866
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-69	0
(iii) Profits or losses on sales of trading properties including impairment charges in respect of trading properties	0	0
(iv) Tax on profits or losses on disposals	0	0
(v) Negative goodwill / goodwill impairment	0	0
(vi) Changes in fair value of financial instruments and associated close-out costs	-3,443	951
(vii) Acquisition costs on share deals and non-controlling joint venture interests (IFRS 3)	0	0
(viii) Deferred taxes in respect of EPRA adjustments	640	363
(ix) Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x) Minority interests in respect of the above	0	0
Roundings	0	0
EPRA Earnings* (owners of the parent)	23,368	16,820
Number of shares	14,220,596	14,064,202
EPRA Earnings per Share (EPRA EPS in €/share)	1.64	1.20



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica uses EPRA Cost Ratio (including direct vacancy costs)* and EPRA Cost Ratio (excluding direct vacancy costs)* to comply with the EPRA's recommendations; however, these performance measures are not defined under IFRS. They represent globalised operational costs as recommended by the EPRA. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. It is calculated as follows:

EPRA Cost ratios*	31 December 2016	31 December 2015
<i>x €1,000</i>		
Administrative/operating expense line per IFRS statement	-5,365	-5,300
<i>Rental-related charges</i>	-27	-19
<i>Recovery of property charges</i>	21	9
<i>Rental charges and taxes normally paid by tenants on let properties</i>	-457	-791
<i>Technical costs</i>	-594	-501
<i>Commercial costs</i>	-224	-328
<i>Charges and taxes on unlet properties</i>	-97	-104
<i>Property management costs</i>	-542	-538
<i>Other property charges</i>	91	-2
<i>Overheads</i>	-3,818	-3,013
<i>Other operating income and charges</i>	282	-13
EPRA Costs (including direct vacancy costs)* (A)	-5,365	-5,300
<i>Charges and taxes on unlet properties</i>	97	104
EPRA Costs (excluding direct vacancy costs)* (B)	-5,268	-5,196
Gross Rental Income (C)	37,253	28,654
EPRA Cost Ratio (including direct vacancy costs)* (A/C)	14%	18%
EPRA Cost Ratio (excluding direct vacancy costs)* (B/C)	14%	18%
<i>Overhead and operating expenses capitalised (including share of joint ventures)</i>	43	9

Aedifica capitalises internal architect costs.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica uses EPRA NAV* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the line "equity attributable to owners of the parent" after corrections recommended by the EPRA. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows, in € and in €/share:

EPRA Net Asset Value* (NAV)	31 December 2016	30 June 2016¹⁵
<i>x €1,000</i>		
NAV per the financial statements (owners of the parent)	632,127	590,956
NAV per the financial statements (in €/share) (owners of the parent)	43.96	41.64
Effect of exercise of options, convertibles and other equity interests	0	0
Diluted NAV, after the exercise of options, convertibles and other equity interests	632,127	590,956
Include:		
(i) Revaluation to fair value of investment properties	0	0
(ii) Revaluation to fair value of tenant leases held as finance leases	0	0
(iii) Revaluation to fair value of trading properties	0	0
Exclude:		
(iv) Fair value of financial instruments	41,386	47,407
(v.a) Deferred tax	4,884	2,205
(v.b) Goodwill as a result of deferred tax	0	0
Include/exclude:		
Adjustments (i) to (v) in respect of joint venture interests	0	0
EPRA NAV* (owners of the parent)	678,397	640,568
Number of shares	14,380,656	14,192,032
EPRA NAV (in €/share) (owners of the parent)	47.17	45.14

Aedifica uses EPRA NNNAV* to comply with the EPRA's recommendations; however, this performance measure is not defined under IFRS. It represents the line "equity attributable to owners of the parent" after corrections recommended by the EPRA. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows, in € and in €/share:

EPRA Triple Net Asset Value* (NNNAV)	31 December 2016	30 June 2016¹⁵
<i>x €1,000</i>		
EPRA NAV* (owners of the parent)	678,397	640,568
Include:		
(i) Fair value of financial instruments	-41,386	-47,407
(ii) Fair value of debt	-9,118	-2,741
(iii) Deferred tax	-4,884	-2,205
EPRA NNNAV* (owners of the parent)	623,009	588,215
Number of shares	14,380,656	14,192,032
EPRA NNNAV (in €/share) (owners of the parent)	43.32	41.45

¹⁵ The amounts published in the Annual Financial Report of 30 June 2016 included the dividend distributed in December 2016 (€30 million) and have now been adjusted in order to compare with the value as of 31 December 2016.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

III. Aedifica in the stock market

1. Stock price and volume

Aedifica's shares (AED) have been quoted on Euronext Brussels continuous market since 23 October 2006. Since that date, Aedifica has completed three capital increases, in cash and with preferential rights or priority allocation rights:

- 15 October 2010: issuance of 2,013,334 new shares at a subscription price of €33.45 per share to raise a total gross amount of €67 million.
- 7 December 2012: issuance of 2,697,777 new shares at a subscription price of €37.00 per share to raise a total gross amount of €99.8 million.
- 29 June 2015: issuance of 3,121,318 new shares at a subscription price of €49.00 per share to raise a total gross amount of €153 million.

On 31 December 2016, Aedifica was registered in the Bel Mid Index¹⁶ with a weighting of 4.59 %.

Taking the stock price on 31 December 2016 (€71.08) as a baseline reference, Aedifica shares show:

- a 51.8 % premium as compared to the net asset value per share excluding changes in fair value of hedging instruments*;
- a 61.7 % premium as compared to the net asset value per share.

Between the date of the IPO (after deduction of the coupons which represented the preferential rights or the priority allocation rights issued as part of the 15 October 2010, 7 December 2012 and 29 June 2015 capital increases) and 31 December 2016, Aedifica's stock price increased by 96 %. This increase shows a very favourable contrast when compared to the Bel Mid Index, which increased by 26 % and when compared to the EPRA Europe index¹⁷, which fell by 23 %, over the same period.

Internationally, the Aedifica shares have been included in the EPRA indices since 18 March 2013 and in the MSCI indices since 1 December 2015.

¹⁶ The Bel Mid index is composed of values which do not belong to the BEL20 index, with a floating market capitalisation above the BEL20 index level multiplied by €50,000, and a turnover of at least 10%. In addition, no value can represent more than 10% of the Bel Mid index.

¹⁷ For additional information on the EPRA index, refer to EPRA's web site (www.EPRA.com).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica share	31 December 2016	30 June 2016
Share price at closing (in €)	71.08	69.68
Net asset value excl. changes in fair value of hedging instruments* (in €)	46.83	44.98
Premium (+) / Discount (-) excl. changes in fair value of hedging instruments*	51.8%	54.9%
Net asset value (in €)	43.96	41.64
Premium (+) / Discount (-)	61.7%	67.3%
Market capitalisation	1,022,177,028	987,517,176
Free float ¹	100.00%	100.00%
Total number of shares listed	14,380,656	14,172,176
Denominator for the calculation of the net asset value per share	14,380,656	14,192,032
Average daily volume	17,818	16,741
Velocity ²	32.3%	30.6%
Gross dividend per share (in €) ³	2.25	2.10
Dividend gross yield ⁴	3.2%	3.0%

¹ Percentage of the capital of a company held by the market, according to the definition of Euronext. See press release of 18 December 2015.

² Total volume of share exchanged annualised divided by the total number of shares listed on the market, according to the definition of Euronext.

³ 2016/2017: according to section 7 of the Interim Board of Directors above.

⁴ Gross dividend per share divided by the closing share price.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

2. Graphic illustrations of Aedifica's stock price

The stock prices cover the period between the IPO and 31 December 2016.

Aedifica's total return compared to indices



Aedifica's stock price evolution compared to indices





Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3. Shareholding structure

Since 18 December 2015¹⁸, no shareholder holds more than 5 % of the Company's capital. The free float is thus 100 %.

The total number of shares is 14,380,656.

4. Financial calendar¹⁹

Financial calendar	
Interim statement 31.03.2017	16/05/2017
Annual press release 30.06.2017	5/09/2017
2016/2017 Annual Financial Report	22/09/2017
Annual General Meeting 2017	27/10/2017
Dividend - coupon related to the 2016/2017 financial year ("ex-date")	2/11/2017
Interim statement 30.09.2017	14/11/2017
Half year results 31.12.2017	February 2018

¹⁸ Declarations of transparency and control strings are available on Aedifica's website. The Company has not received any additional declarations of transparency after those received on 18 December 2015.

¹⁹ These dates are subject to change.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

IV. Property report

1. Consolidated property portfolio

1.1. Marketable investment properties²⁰

Senior housing	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Château Chenois	6,354	115	100.0%	881,736	881,736	1,108,091
New Philip	3,914	111	100.0%	483,524	483,524	585,446
Jardins de Provence	2,280	72	100.0%	396,923	396,923	410,003
Bel Air	5,350	161	100.0%	721,678	721,678	826,023
Résidence Grange des Champs	3,396	75	100.0%	427,022	427,022	485,342
Résidence Augustin	4,832	94	100.0%	536,963	536,963	583,921
Ennea	1,848	34	100.0%	192,590	192,590	175,036
Kasteelhof	3,500	81	100.0%	348,326	348,326	492,677
Wielant	4,834	104	100.0%	534,971	534,971	691,993
Résidence Parc Palace	6,719	162	100.0%	1,249,670	1,249,670	1,501,378
Résidence Service	8,716	175	100.0%	1,285,375	1,285,375	1,085,157
Résidence du Golf	6,424	194	100.0%	774,769	774,769	1,321,800
Résidence Boneput	2,993	78	100.0%	454,882	454,882	584,591
Résidence Aux Deux Parcs	1,618	53	100.0%	262,743	262,743	308,472
Résidence L'Air du Temps	2,763	88	100.0%	465,593	465,593	516,060
Au Bon Vieux Temps	7,868	104	100.0%	831,156	831,156	766,000
Op Haanven	6,613	89	100.0%	519,520	519,520	673,266
Résidence Exclusiv	4,253	104	100.0%	710,614	710,614	670,039
Séniorie Mélopée	2,967	70	100.0%	494,443	494,443	393,435
La Boule de Cristal	1,290	41	100.0%	93,730	93,730	163,676
Les Charmes en Famenne	3,165	96	100.0%	300,310	300,310	347,471
Seniorerie La Pairelle	6,016	118	100.0%	757,147	757,147	695,055
Residence Gaerveld	1,504	20	100.0%	169,412	169,412	168,978
Résidence du Plateau	8,069	143	100.0%	1,259,568	1,259,568	1,224,876
Seniorie de Maretak	5,684	122	100.0%	524,514	524,514	708,649
De Edelweis	6,914	122	100.0%	754,616	754,616	880,700
Bois de la Pierre	2,272	65	100.0%	444,634	444,634	426,299
Buitenhof	4,386	80	100.0%	553,593	553,593	737,227

²⁰ It is not in the interest of the shareholder to publish the values by building. The addresses of the buildings are available in the 2015/2016 Annual Financial Report. Addresses of the acquisitions since 1 July 2016 are available in the related press releases. The following thirty buildings are held by subsidiaries:

Seniorenresidenz Mathilde (Aedifica Luxembourg I SCS), Die Rose im Kalletal (Aedifica Luxembourg I SCS), Seniorenresidenz Klosterbauerschaft (Aedifica Luxembourg I SCS), Senioreneinrichtung Haus Matthäus (Aedifica Luxembourg II SCS), Bonifatius Seniorenzentrum (Aedifica Luxembourg II SCS), Senioreneinrichtung Haus Elisabeth (Aedifica Luxembourg II SCS), Seniorenresidenz Am Stübchenbach (Aedifica Luxembourg III SCS), Seniorenresidenz Kierspe (Aedifica Luxembourg III SCS), Am Kloster (Aedifica Luxembourg IV SCS), Frohnau (Aedifica Luxembourg IV SCS), Rosenpark (Aedifica Luxembourg V SCS), Patricia (Aedifica Luxembourg V SCS), St. Anna (Aedifica Luxembourg V SCS), Residenz Zehlendorf (Aedifica Luxembourg VI SARL), Holland (Aedifica Nederland BV), Benvenuta (Aedifica Nederland BV), Saksen Weimar (Aedifica Nederland BV), Martha Flora Lochem (Aedifica Nederland BV), Parc Imstenrade (Aedifica Nederland BV), Genderstate (Aedifica Nederland BV), Petruspark (Aedifica Nederland BV), Spes Nostra (Aedifica Nederland BV), Oosterzonze (VSP SA), De Witte Bergen (VSP Kasterlee SPRL), Seniorenhof (Het Seniorenhof SA), Beerzelhof (Compagnie Immobilière Beerzelhof SA), Uilenspiegel (Aurum SA), Coham (Coham SA), Sorgvliet (Residentie Sorgvliet SPRL), Residentie Den Boomgaard (WZC Arcadia SPRL). The following two plot of lands are held by subsidiaries: the plot of land located in Brugge on which part of the hotel Martin's Brugge has been constructed (Aedifica Invest Brugge SA) and the plot of land located in Deventer on which the Molenenk care residence will be constructed.

All other buildings are held by Aedifica SA.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Senior housing	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Klein Veldeken	5,824	58	100.0%	502,000	502,000	676,586
Koning Albert I	7,775	110	100.0%	912,762	912,762	926,956
Eyckenborch	8,771	141	100.0%	1,113,053	1,113,053	871,339
Rietdijk	2,155	59	100.0%	333,388	333,388	348,939
Marie-Louise	1,959	30	100.0%	364,900	364,900	331,652
Gaerveld (rest home)	6,994	115	100.0%	790,292	790,292	797,363
Larenschhof	6,988	117	100.0%	1,026,060	1,026,060	961,002
Ter Venne	6,634	102	100.0%	994,672	994,672	1,146,917
Pont d'Amour	8,984	150	100.0%	983,961	983,961	884,051
Résidence Les Cheveux d'Argent	4,177	80	100.0%	249,069	249,069	317,232
't Hoge	4,632	79	100.0%	457,053	457,053	715,101
Helianthus	4,799	67	100.0%	462,713	462,713	455,188
Hestia	12,682	222	100.0%	1,366,142	1,366,142	1,576,793
Plantijn	5,958	110	100.0%	472,033	472,033	831,389
Salve	6,730	117	100.0%	1,001,361	1,001,361	903,629
SZ AGO Herkenrath	4,000	80	100.0%	575,000	575,000	613,273
SZ AGO Dresden	5,098	116	100.0%	573,178	573,178	670,950
De Stichel	6,257	116	100.0%	666,675	666,675	692,300
Huize Lieve Moenssens	4,301	68	100.0%	327,459	327,459	348,680
SZ AGO Kreische	3,670	84	100.0%	416,516	416,516	414,896
Bonn	5,927	130	100.0%	740,000	740,000	711,240
Goldene Au	4,141	83	100.0%	402,240	402,240	397,531
Oase Binkom	4,076	111	100.0%	762,053	762,053	727,180
Oase Tienen	8,413	129	100.0%	984,242	984,242	893,280
Oase Aarschot Wissenstraat	10,657	120	100.0%	947,234	947,234	885,600
De Notelaar	8,651	94	100.0%	971,318	971,318	1,015,361
Overbeke	6,917	113	100.0%	801,886	801,886	828,390
Halmolen	9,200	140	100.0%	1,032,650	1,032,650	1,093,570
Seniorenresidenz Mathilde	3,448	75	100.0%	554,695	554,695	579,264
Die Rose im Kalletal	4,027	96	100.0%	664,910	664,910	685,892
Seniorenresidenz Klosterbauerschaft	3,497	80	100.0%	590,341	590,341	608,478
Seniorenresidenz Haus Matthäus	2,391	50	100.0%	354,666	354,666	365,823
Bonifatius Seniorenzentrum	3,967	80	100.0%	598,714	598,714	606,951
Seniorenresidenz Haus Elisabeth	3,380	80	100.0%	567,466	567,466	577,980
Seniorenresidenz Am Stübchenbach	5,874	130	100.0%	782,925	782,925	828,234
Seniorenresidenz Kierspe	3,721	79	100.0%	548,395	548,395	546,987
La Ferme Blanche	1,697	61	100.0%	203,989	203,989	562,027
Villa Temporis	8,354	103	100.0%	685,777	685,777	826,080
Service-Residenz Schloss Bensberg	8,215	87	100.0%	930,140	930,140	1,158,596
Residentie Sporenpak	9,261	127	100.0%	1,059,205	1,059,205	1,043,416
Résidence de la Houssière	4,484	94	100.0%	583,557	583,557	547,550
Senior Flandria	7,501	108	100.0%	621,720	621,720	712,800
Vinkenbosch	2,973	59	100.0%	241,767	241,767	946,962
Heydeveld	3,414	75	100.0%	508,984	508,984	466,500
Prinsenhof	1,697	41	100.0%	340,535	340,535	207,870
Käthe-Bernhardt-Haus	4,088	80	100.0%	498,240	498,240	490,560
Holland	2,897	34	100.0%	818,246	818,246	621,968
Benvenuta	924	10	100.0%	212,138	212,138	165,396
Residentie Poortvelden ⁶	7,071	84	100.0%	701,300	701,300	674,035
Leopoldspark	10,614	150	100.0%	1,170,750	1,170,750	1,204,340
Saksen Weimar	2,291	42	100.0%	504,000	504,000	504,020
Martha Flora Lochem	1,012	13	100.0%	160,000	160,000	189,000



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Senior housing	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Oosterzonne	4,948	82	100.0%	714,920	714,920	650,412
De Witte Bergen	8,262	119	100.0%	995,318	995,318	934,360
Seniorenhof	3,116	52	100.0%	304,924	304,924	312,394
Beerzelhof	5,025	61	100.0%	322,812	322,812	467,466
Uilenspiegel	6,863	97	100.0%	722,165	722,165	674,150
Coham	6,956	120	100.0%	870,000	870,000	809,600
Sorgvliet	4,738	83	100.0%	534,828	534,828	471,756
Ezeldijk	7,101	105	100.0%	710,000	710,000	811,125
Am Kloster	5,895	136	100.0%	732,554	732,554	689,764
Rosenpark	4,934	79	100.0%	457,860	457,860	370,021
Patricia	7,556	174	100.0%	1,023,154	1,023,154	1,156,070
St. Anna	7,176	161	100.0%	910,066	910,066	775,004
Frohnau	4,101	107	100.0%	575,534	575,534	516,745
Parc Imstenrade	57,181	263	100.0%	2,025,000	2,025,000	3,171,924
Genderstate	8,813	44	100.0%	500,000	500,000	658,790
Petruspark	24,987	139	100.0%	1,300,000	1,300,000	1,934,497
Residentie Den Boomgaard	6,274	90	100.0%	677,000	677,000	709,200
Les Jardins de la Mémoire	6,852	110	100.0%	675,000	675,000	731,499
Residenz Zehlendorf	4,540	180	100.0%	450,000	450,000	448,920
Spes Nostra	2,454	30	100.0%	450,000	450,000	450,000
Total senior housing in Belgium	397,277	7,040	100.0%	46,597,548	46,597,548	50,523,698
Total senior housing in Germany	99,646	2,167	100.0%	12,946,594	12,946,594	13,213,178
Total senior housing in The Netherlands	100,559	575	100.0%	5,969,384	5,969,384	7,695,595
Total of the segment "Senior housing"	597,482	9,782	100.0%	65,513,526	65,513,526	71,432,471



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Apartment buildings	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Tervueren 13 A/B	4,626	3	74.2%	403,828	544,172	610,820
Sablon	5,546	30	84.1%	840,242	999,296	935,056
Complexe Laeken - Pont Neuf	7,130	42	88.4%	590,747	668,442	687,474
Le Bon 24-28	2,159	15	90.8%	170,781	188,166	214,270
Lombard 32	1,622	13	88.3%	197,010	223,148	183,110
Complexe Louise 331-333	4,962	8	88.5%	599,860	677,670	671,250
Place du Samedi 6-10	4,543	24	94.1%	308,186	327,490	323,700
Broqueville 8	725	6	67.0%	45,439	67,848	70,932
Bataves 71	653	3	43.8%	27,567	62,872	62,665
Tervueren 103	1,202	6	100.0%	128,657	128,657	120,960
Louis Hap 128	969	7	88.9%	72,168	81,197	79,636
Rue Haute	2,600	20	100.0%	253,706	253,706	298,150
Résidence Palace	6,077	57	68.6%	406,989	593,015	711,824
Churchill 157	2,440	22	82.4%	221,894	269,382	272,011
Auderghem 237-239-241-266-272	2,241	22	86.8%	171,006	196,995	221,721
Edison	1,897	7	81.3%	102,944	126,598	138,689
Verlaine/Rimbaud/Baudelaire	3,671	21	85.0%	231,952	272,804	271,695
Ionesco	1,148	10	77.8%	78,603	101,054	99,080
Musset	659	6	99.3%	50,886	51,246	50,306
Giono & Hugo	1,718	15	86.7%	117,109	135,070	135,957
Antares	476	7	100.0%	41,930	41,930	39,768
Ring	9,604	88	100.0%	741,654	741,654	860,115
Résidence Gauguin et Manet	3,496	35	91.2%	291,198	319,341	311,411
Résidence de Gerlache	7,406	75	67.9%	565,425	832,522	819,404
Ensemble Souveraine	13,740	116	71.7%	1,452,088	1,452,088	1,550,664 ⁷
Louise 130	944	9	72.5%	166,754	166,754	164,866 ⁷
Louise 135 (+ 2 parkings Louise 137)	2,505	31	65.7%	395,454	395,454	346,802 ⁷
Louise 270	1,205	14	51.4%	147,257	147,257	149,978 ⁷
Vallée 48	653	6	73.7%	98,790	98,790	89,122 ⁷
Livourne 16-18 (+ 24 parkings Livourne 7-11)	1,982	16	53.7%	206,507	206,507	266,715 ⁷
Freesias	2,777	38	94.1%	467,911	467,911	361,552 ⁷
Héliotropes	1,364	25	37.5%	104,597	104,597	175,289 ⁷
Livourne 20-24	1,407	12	84.4%	272,373	272,373	187,744 ⁷
Livourne 14	275	6	78.4%	35,078	35,078	34,371 ⁷
Résidence Chamaris	2,328	23	88.2%	472,399	472,399	360,559 ⁷
Stephanie's Corner	3,472	27	82.7%	434,915	526,130	525,978
Total of the segment "Apartment buildings"	110,223	865	n.a.	10,913,906	12,249,612	12,403,640



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Hotels and other	Total surface (m ²) ⁽¹⁾	Number of residential units	Occupancy rate ⁽²⁾ (%)	Contractual rents ⁽³⁾	Contractual rents + ERV on empty spaces ⁽⁴⁾	Estimated rental value ⁽⁵⁾ (ERV)
Hotel Martin's Brugge	11,369	0	100.0%	1,690,965	1,690,965	1,226,980
Royale 35 ⁶	1,955	0	73.8%	138,207	187,356	174,601
Martin's Klooster	6,935	0	100.0%	1,329,541	1,329,541	1,141,080
Carbon	5,715	0	100.0%	420,122	420,122	565,268
Eburon	4,016	0	100.0%	302,151	302,151	462,878
Ecu	1,960	0	100.0%	181,824	181,824	232,231
Eurotel	4,779	0	100.0%	304,079	304,079	377,682
Villa Bois de la Pierre	320	4	100.0%	31,084	31,084	40,080
Duysburgh	470	5	100.0%	65,183	65,183	40,316
Résidence du Lac	0	0	100.0%	30,700	30,700	30,700
Total of the segment "Hotels and other"	37,519	9	98.9%	4,493,855	4,543,003	4,291,816
Total marketable investment properties	745,224	10,656	n.a.	80,921,287	82,306,142	88,127,927

¹ The surface of apartment buildings has been adapted as of 31 December 2015 in order to be in line with the Code of Measuring Practice (6th edition) published by the Royal Institute of Chartered Surveyors (RICS), and is computed as follows: Gross External Area (GEA) + common areas + 50 % of terrace surface. It does not include parkings and other underground areas.

² See glossary in the 2015/2016 Annual Financial Report. The occupancy rate of the furnished apartment buildings cannot be compared to the occupancy rate calculated on the rest of the portfolio, as the methodology is different. We also note that the occupancy rate of the residential and mixed buildings includes units in renovation and hence temporarily not rentable.

³ See glossary in the 2015/2016 Annual Financial Report. The amounts related to the furnished apartment buildings correspond to the annualised rental income excl. VAT.

⁴ For the buildings with furnished apartments, no estimated rental value (ERV) was added for vacancy.

⁵ See glossary in the 2015/2016 Annual Financial Report.

⁶ Partially presented on the balance sheet among the assets classified as held for sale.

⁷ This ERV is not comparable to the contractual rents because (for the buildings with furnished apartments) it does not take into account the fact that the apartments are furnished.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

1.2. Projects and renovations in progress

Projects and renovations (in € million)		Estimated inv.	Inv. as of 31 Dec. 2016	Future inv.	Date of completion	Comments
I. Projects in progress						
't Hoge II	Kortrijk (BE)	2	1	1	2016/2017	Extension and renovation of a rest home
Molenenk	Deventer (NL)	10	5	5	2016/2017	Construction of a care residence
Op Haanven	Veerle-Laakdal (BE)	2	2	1	2016/2017	Extension and renovation of a rest home
La Ferme Blanche	Remicourt (BE)	6	2	4	2016/2017	Extension and renovation of a rest home
Vinkenbosch I	Hasselt (BE)	11	10	1	2016/2017	Extension of a rest home
Prinsen Hof	Koersel (BE)	4	0	4	2016/2017	Extension and renovation of a rest home
Hotel Martin's Brugge	Brugge (BE)	1	0	1	2016/2017	Extension of the hotel
Huize Lieve Moenssens	Dilsen-Stokkem (BE)	7	0	7	2017/2018	Extension and renovation of a rest home
Résidence l'Air du Temps	Chênee (BE)	7	1	6	2017/2018	Extension and renovation of a rest home
Résidence Les Cheveux d'Argent	Spa (BE)	3	0	3	2017/2018	Extension of a rest home
Villa Temporis II	Hasselt (BE)	2	0	2	2017/2018	Renovation of a rest home
Bonn	Bonn (DE)	1	0	1	2017/2018	Renovation of a rest home
Frohnau	Berlin (DE)	1	0	1	2017/2018	Renovation of a rest home
Genderstate/Petruspark/ Parc Imstenrade	Eindhoven (NL)/ Heerlen (NL)	2	0	2	2017/2018	Renovation of three sites
Résidence Aux Deux Parcs	Jette (BE)	2	0	2	2018/2019	Extension of a rest home
Vinkenbosch II	Hasselt (BE)	1	0	1	2018/2019	Renovation of a rest home
Plantijn	Kapellen (BE)	9	2	7	2019/2020	Extension and renovation of a rest home
Residenz Zehlendorf	Berlin (DE)	5	0	5	2019/2020	Renovation of a rest home
II. Projects subject to outstanding conditions						
De Stichel	Vilvoorde (BE)	4	0	4	2017/2018	Extension of a rest home
't Hoge III	Kortrijk (BE)	2	0	2	2018/2019	Extension of a rest home
III. Land reserves						
Terrain Bois de la Pierre	Wavre (BE)	2	2	0	-	Land reserve
Platanen	Brussels (BE)	0	0	0	-	Land reserve
IV. Acquisitions subject to outstanding conditions						
Walgaerde	Hilversum (NL)	4	0	4	2016/2017	Acquisition of a care residence
Oostende	Oostende (BE)	11	0	11	2017/2018	Acquisition of a rest home
Martha Flora Rotterdam	Rotterdam (NL)	8	0	8	2018/2019	Acquisition of a new care residence
Mechelen	Mechelen (BE)	16	0	16	2018/2019	Acquisition of a new rest home
Total		124	25	99		
Changes in fair value		-	1	-		
Roundings		-	1	-		
On balance sheet			27			

Of these projects, 98 % are already pre-let. It is expected that the total investment budget of €99 million will be paid in cash.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

2. Marketable investment properties portfolio analysis

2.1. Breakdown by segment (in fair value)

Breakdown by segment (in fair value)	31 December 2016	30 June 2016
Senior housing	80%	74%
Apartment buildings	15%	20%
Hotels and other	5%	6%

2.2. Geographical breakdown (in fair value)

Geographical breakdown (in fair value)	31 December 2016	30 June 2016
Belgium	79%	86%
<i>Flanders</i>	47%	48%
<i>Brussels</i>	22%	27%
<i>Wallonia</i>	10%	11%
Germany	14%	12%
The Netherlands	7%	2%

2.3. Breakdown by building (in fair value)

None of the buildings represents more than 3 % of the consolidated assets.

2.4. Number of buildings per segment

Number of buildings per segment	31 December 2016	30 June 2016
Senior housing	100	80
Apartment buildings	75	75
Hotels and other	10	10
Total	185	165

2.5. Age of buildings by type of contract (based on fair value)

Age of buildings by type of contract (fair value)	31 December 2016	30 June 2016
Triple net contracts	71%	70%
Other leases 0 - 10 years	18%	14%
Other leases > 10 years	11%	16%

2.6. Breakdown by lease maturity of contracts (based on fair value)

Breakdown by lease maturity of contracts (fair value)	31 December 2016	30 June 2016
≥ 15 years	78%	81%
< 15 years	22%	19%

The average residual maturity of Aedifica's contracts is 20 years.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

2.7. Breakdown of senior housing contractual rents by group controlling the legal entities in contractual relation with Aedifica

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31/12/2016	30/06/2016
SENIOR HOUSING				100	81%	75%
	Belgium			71	58%	59%
		Armonea		19	17%	21%
			Armonea SA	8	8%	10%
			Restel Flats SPRL	1	1%	1%
			LDC De Wimilingen ASBL	1	0%	0%
			Happy Old People SPRL	1	1%	1%
			Citadelle Mosane SPRL	1	1%	1%
			Huize Lieve Moenssens ASBL	5	4%	5%
			Eyckenborgh ASBL	2	3%	3%
		Senior Living Group °°		27	19%	14%
			Ennea Rustoord ASBL	1	0%	0%
			Residentie Kasteelhof SCS	1	0%	1%
			Wielant -Futuro SCS	1	1%	1%
			Home Residence du Plateau SPRL	1	2%	2%
			Seniorie de Maretak SA	1	1%	1%
			Senior Living Group SA	7	5%	6%
			Résidence Au Bon Vieux Temps SA	1	1%	0%
			Résidence Les Cheveux d'Argent SA	1	0%	0%
			Helianthus ASBL	1	1%	1%
			Rustoord 't Hoge ASBL	1	1%	1%
			Vinkenbosch ASBL	1	0%	0%
			Residentie Sporenpark SPRL	1	1%	2%
			FDL Group SCA	1	1%	0%
			Foyer De Lork ASBL	6	5%	0%
			Proinvest SPRL	1	0%	0%
			Les Jardins de la Mémoire ASBL	1	1%	0%
		Orpea		9	8%	10%
			Château Chenois Gestion SPRL	3	2%	3%
			New Philip SA	3	2%	2%
			Parc Palace SA	1	2%	2%
			Progestimmob SA	1	2%	2%
			Résidence du Golf SA	1	1%	1%
		Oase °°°°°		3	3%	4%
			Oase ASBL	3	3%	4%
		Vulpia		6	6%	5%
			Vulpia Vlaanderen ASBL	5	5%	5%
			Résidence Alice aux Pays des Merveilles ASBL	1	0%	0%
		Time for Quality		1	1%	1%
			Service Flat Residenties ASBL	1	1%	1%
		Other		6	3%	4%
			Le Château de Tintagel SPRL	1	0%	0%
			Résidence Bois de la Pierre SA	1	1%	1%
			Buitenhof ASBL	1	1%	1%
			Résidence de la Houssière SA	1	1%	1%
			Heydeveld Woon- en Zorgcentrum ASBL	1	1%	1%
			WZC Prinsenhof ASBL	1	0%	1%



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Segment	Country	Group controlling the legal entities in contractual relation with Aedifica	Tenants	Number of sites	31/12/2016	30/06/2016
SENIOR HOUSING						
	Germany			21	16%	13%
		Orpea		5	4%	5%
			Senioren Wohnpark Weser GmbH	3	2%	3%
			Bonifatius Seniorendienst GmbH °°°	1	1%	1%
			Seniorenresidenz Kierspe GmbH °°°	1	1%	1%
		Alloheim°		4	3%	4%
			AGO Herkenrath Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Dresden Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			AGO Weisseritz Betriebsgesellschaft für Sozialeinrichtungen mbH	1	1%	1%
			Senator Senioren- und Pflegeeinrichtungen GmbH	1	1%	1%
		Residenz Management		3	2%	2%
			Medeor Senioren-Residenzen GmbH °°°°	1	1%	1%
			Katholische Hospitalgesellschaft Südwestfalen gGmbH Olpe °°°°	2	1%	1%
		Volkssolidarität		1	0%	1%
			Volkssolidarität Südthüringen e. V.	1	0%	1%
		DRK Kreisverband Nordfriesland e. V.		1	1%	1%
			DRK Pflegedienste Nordfriesland gGmbH	1	1%	1%
		Vitanas		5	5%	0%
			Vitanas GmbH & Co. KGaA	5	5%	0%
		Aaetas Management GmbH		1	1%	0%
			Residenz Zehlendorf Kranken- und Pflegeheim GmbH	1	1%	0%
		Other		1	1%	1%
			Schloss Bensberg Management GmbH + AachenMünchener Lebensversicherung AG	1	1%	1%
	The Netherlands			8	7%	3%
		Domus Magnus		2	1%	2%
			Panta Rhei V BV	1	1%	1%
			DM Benvenuta BV	1	0%	0%
		Stepping Stones Home & Care		2	1%	1%
			Poort van Sachsen Weimar BV	1	1%	1%
			Villa Spes Nostra BV	1	1%	0%
		Martha Flora		1	0%	0%
			Martha Flora Lochem BV	1	0%	0%
		Vitalis		3	5%	0%
			Stichting Vitalis Residentiële Woonvormen	3	5%	0%
				10	6%	7%
HOTELS AND OTHER						
	Belgium			10	6%	7%
		Martin's Hotels		2	4%	5%
			Martin's Brugge SA	1	2%	3%
			Martin's Hotel SA	1	2%	2%
		Different Hotel Group		4	1%	2%
			Different Hotels SA	4	1%	2%
		Senior Living Group °°		1	0%	0%
			Senior Living Group SA	1	0%	0%
		Other		3	0%	0%
OTHER TENANTS				75	13%	18%
	Belgium			75	13%	18%
TOTAL				185	100%	100%

° With AGO.

°° Korian group.

°°° Sub-tenant of Senioren Wohnpark Weser GmbH.

°°°° Sub-tenant of Residenz Management GmbH.

°°°°° Oase has at the end of 2016 proceeded to a sale (subject to conditions) of its operations to Vulpia. The conditions were not satisfied as per 31 december 2016.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

2.8. Gross yield by segment²¹ (based on fair value)

Gross yield by segment (based on fair value)	31 December 2016	30 June 2016
Senior housing	5.7%	5.9%
Apartment buildings	4.9%	5.3%
Hotels and other	6.6%	6.3%
Average	5.6%	5.8%

2.9. Occupancy rate²²

2.9.1. Furnished apartment buildings

Occupancy rates (Furnished apartment buildings)	
December 2016	71.1%
December 2015	81.0%

2.9.2. Total portfolio (excluding furnished apartments)

Occupancy rates (Total portfolio excluding furnished apartments)	
December 2016	98.2%
June 2016	98.1%
December 2015	98.3%

²¹ The gross yield is calculated as follows:

- For the total portfolio (excluding furnished apartments): (contractual rents including the guaranteed income) / (fair value of the concerned buildings).
- For the furnished apartments: (Turnover as of 31 December 2016, annualized and excl. VAT) / (fair value of the concerned buildings + goodwill + furnishment).

²² The occupancy rate is calculated as follows:

- For the total portfolio (excluding the furnished apartments): (contractual rents + guaranteed income) / (contractual rents + estimated rental value (ERV) on vacant areas of the property portfolio). We note that this occupancy rate includes the investment properties for which units are in renovation and hence temporarily not rentable.
- For the furnished apartments: % rented days during the financial year. This occupancy rate can thus not be compared to the one calculated on the rest of the portfolio, as the methodology is specific to this segment.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3. The real estate market

3.1. The Belgian residential market²³

Turnover on the secondary residential market saw an increase by the end of 2014, mainly in Flanders, due to changes announced in relation to mortgage interest tax relief schemes. The stricter credit policies imposed by financial institutions as a result of Basel III directives, however, have an increasing impact on market activity. This trend is expected to continue in 2016.

Moreover, the base rates for mortgage loans decreased in 2014 (from 3.7 % in the first half to 2.7 % by the end of the year) and fell further in the first quarter of 2015 to 2.5 % by April. At the beginning of 2016, the base rates further decreased to 1.9 % in summer. At the same time, inflation was flat at 0 % in 2014 but climbed steadily from March to July 2016 to reach approx. 2.5 %. In the second half of 2016, inflation decreased to 1.8 %. This implies that the real interest rate (the difference between the base rate and rate of inflation), decreased in 2016 and even became negative from March to August. There is a risk that a negative real interest rate will lead to excessively high prices. In line with the adage that real estate offers protection against inflation, investors are attracted by the notion that the value derived from their property will be greater than their cost of capital.

Therefore, two opposing undercurrents exist concerning private buyers (owner-occupiers); stricter credit policies require more initial capital and thus hinder investment in housing, whereas low – or even negative – interest rates encourage purchase. For investment buyers (landlords), real estate investments are very attractive under current conditions, given direct comparisons between real estate returns and yields on alternative investments.

In practice, we observe a convergence toward a total budget of between €200,000 and €250,000 for both first-time buyers and residential real estate investors. In Flanders, this results in a net purchase price between €180,000 and €225,000 for existing properties (including renovations), and between €165,000 and €206,000 for new constructions. If financing covers 80% of the purchase price, the initial capital required personal resources amounts to between €56,000 and €85,000 on average. The result is about the same in Brussels and Wallonia, taking into account the higher tax reductions in Brussels and the more common reduced tariffs in Wallonia (see table on the left).

		Total investment	Purchasing costs	Net purchase price	Financing 80 %	Required personal contribution
Existing	Minimum	€200,000	€20,000	€180,000	€144,000	€56,000
	Maximum	€250,000	€25,000	€225,000	€180,000	€70,000
New construction	Minimum	€200,000	€35,000	€165,000	€132,000	€68,000
	Maximum	€250,000	€44,000	€206,000	€165,000	€85,000

The figures presented in the above table show the ceilings (maximum amount feasible) for young families, relying on their own savings and parental support.

After a particularly weak 2015, the number of approved development permits recovered to 2014 levels in 2016, with approximately 21,400 (+12 %) development permits issued for single-family homes and 34,800 (+28 %) for apartments.

²³ Written in Dutch on 19 December 2016 by Stadim CVBA, and reproduced with permission. Translation by Aedifica.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Demand for rented dwellings has experienced a significant increase as more and more higher-income households are staying in the rental market for longer periods of time.

Prices continue to show an upward trend: in 2015, we observed an increase of 4.2 % for single-family dwellings and 3.1 % for apartments. Preliminary figures for 2016 point to a similar trend. Price increases seem to be mainly concentrated in the segment up to €250,000, whereas formation of prices above €500,000 is more difficult.

Between 1983 and 2016 (1st half), prices for private dwellings multiplied by 6.79 times. This represents an average yearly increase of 5.9 %, compared to average inflation of 2.07 %. The most important factors reflected during the period 1983-2016 (1st half) include, on one hand, the increase in the consumer price index (+98.68 %) and in purchasing power (inflation excluded) of households (+60.46 %), and on the other hand, increased in the borrowing capacities as a result of lower interest rates (+118.87 %) and longer mortgage terms (+2.71 %). The result obtained by multiplying these four factors ($1.9868 \times 1.6046 \times 2.1887 \times 1.0271$) shows that the baseline index of 100 (established in 1983) has increased to 717 by 2016. Thus, prices for private dwellings showed a 5% growth potential for 2016. Over a period of 103 years (1913-2016), prices for single-family dwellings have multiplied by a factor of 831, which represents an annual increase of 6.78 %, compared to average inflation of 5.47 % over the same period.

3.2. The market for furnished apartments in Belgium

The market for furnished apartments in Belgium is characterised by the dispersion of operators and by a very diverse offering (ranging from the simple activity of renting out furnished apartments to providing furnished apartment rentals with additional services, and from very short term (daily) rental contracts to the more common monthly rental contracts, etc.). Moreover, this market is characterised by its lack of transparency. To the best of our knowledge, no independent market study has been carried out on this segment to date.

The business of furnished apartment rentals must not be confused with the hotel industry. The main activity is indeed the renting out of apartments, which include all necessary furnishings such that tenants can immediately move in without having to worry about the interior design. However, the additional services provided are rather limited, usually consisting of a monthly cleaning service only.

Taking into account short-term rental contracts and the target clientele (expatriates), this rental activity is more sensitive to economic cycles. The current economic context and market conditions lead to increased volatility in occupancy rates and prices.

In Flanders, the activity of renting furnished apartments is currently subject to a specific regulation, the Decree of 10 July 2008 on Touristic Housing, as amended. However, the aforementioned Decree of 10 July 2008 was replaced by the Decree of 5 February 2016 on Touristic Housing (published in the Belgian State Gazette dated 8 March 2016), which will be implemented by the Flemish Government at a date to be determined (expected in early 2017). In the Brussels-Capital Region, an Ordinance was also adopted under which the activity of furnished apartment rentals, and their service providers, are in certain cases henceforth regulated by the Regulatory Framework for Touristic Housing (Ordinance of 8 May 2014 on Touristic Housing, which was implemented on 24 April 2016).



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.3. The senior housing market

3.3.1. Belgium²⁴

The total number of rest home beds in Belgium increased by 3,519 in units between 8 October 2014 and 6 November 2015 to reach a capacity of 139,278 units. However, according to several studies, this increase remains below the real annual incremental need. Many of these studies are based on growth forecasts for the number of persons over 65 years, which will rise from 17 % to 22 % of the population between 2013 and 2030. However, within this category, the portion of seniors who are still autonomous is growing and the number of dependant persons is increasing less sharply. According to a Dutch study (CBS), life expectancies have increased between 1980 and 2010, increasing from 72.5 to 79 years for men and from 79 to 83 years for women. The number of years during which elderly people suffer from health problems has remained stable since 1990 for men (approx. 15 years) and since 1998 for women (approx. 20 years). Moreover, domestic technologies and homecare also play an increasing role. The average duration of stay remains relatively stable. Over the last 5 years, the number of beds has increased by 9,700 units. Private not-for-profit organisations operate the lion's share of these units, representing 60 % of the market. It is notable as well that the number of rest home beds showed a consistent decrease between 1997 (93,056 beds) and 2012 (62,545 beds). Since 2012 however, it has risen to 67,354 units.

As a long-term investment, health care real estate is attracting more and more interest. The investment market has rapidly extended toward insurers and pension funds, for whom (very) long-term and indexed contracts present attractive features. This also corresponds to operators' desire to pursue a long-term strategy. Financial ratios, such as the debt to turnover, are of greater concern to operators than to real estate investors. For investors, a debt that is eight times the turnover (rental income) is easily acceptable, whereas, for operators, debt generally amounts to only one quarter of the turnover. The separation between operational activities and real estate, which is also found in the hotel segment, is therefore a logical consequence. However, these two aspects remain linked, with profits split between the two parties: they are thus dependent on one another. For the operator, the building represents a "real estate machine" that cannot be defective at any time. Like in the hotel segment, triple net contracts are logically established in the healthcare sector as well. It is essential for operators that the quality of the asset is maintained and that they can intervene quickly if action is needed. This type of contract might be misleading for investors who think they are fully relieved of all matters relating to building management given the long-term contracts in place with the operators. Operational sustainability and technical requirements of the building, as well as compliance with constantly changing regional regulations, are the Achilles heel of relations between investors and operators. What value will remain if a building is not up to code? If the establishment were located in collective community services zone ("blue zone"), what alternative use would be possible? If operations become insufficiently profitable due to a reduction in state/public subsidies, change in regulation, or excessive rent, a downward rent revision may be required if the operations are to continue. It is crucial for the investor to monitor all changes and trends of either technical or regulatory nature and as well as those affecting operations.

²⁴ Written in Dutch on 19 December 2016 by Stadim CVBA, and reproduced with permission. Translation by Aedifica.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Various authorities are taking initiatives to limit the possibility to offer individual rooms in a rest home for sale as investment properties. Co-ownership in the health care sector, while permitted in the apartment sector, has fortunately reached an impasse. In addition, it will be impossible to impose significant investments on co-owners at the same time, except for justified social reasons. Hopefully, this legislation will be adopted in other Belgian regions, and extended to other types of operational properties. How would it be possible to maintain, under co-ownership, the quality requirements of a hotel, a student residence or even a house transformed into an apartment building?

Given the increasing trend toward professionalisation among rest home operators, the attractiveness to investors, and reduced interest rates, gross rental yields are decreasing. Certain transactions (based on long-term triple net contracts) are already being established at rental yields lower than 5 %. In this context, the necessity of quality and versatility and the overall sustainability of the investment is even more important: with current yields, there is no room for error. Attempts are being made to capitalise on the experience accumulated in the senior care segment by combining or expanding residences to serve other types of dependent persons, such as youth with disabilities. Ancillary services such as welcoming, catering, etc. could also be combined which could serve to improve the complementarity and flexibility of real estate assets. In some cases, independent operators are not profitable due to their small size but, as targets for acquisition, offer new possibilities to pursue these types of projects, including projects at the local level.

3.3.2. Germany²⁵

General Trends

The German healthcare market is a growth market, secured by: demographic trends showing a drastic shift in the age structure and increasing life expectations. According to the most recent data as of the end of 2015 Germany had approx. 82.2 million inhabitants, of which approx. 17.3 million over 65 (21.1 %) and an estimated 9.0 million are more than 75 years of age (11 %). Population ageing will be further amplified by the generation of baby boomers who will reach age 60 in approximately ten years. Consequently, the need for senior housing will increase over the next decades.

When looking at the population by age cohorts, it is noted that approx. 0.6 % of people below 65 years of age need long-term care. This percentage increases to 17.3 % for those between 65 and below 80 and reaches 31.7 % after the age of 80. The total rest home capacity in Germany should be expanded, given the number of persons in need of care. It is expected that this number will rise from approx. €2.6 million today to approx. €3.2 million by 2030.

Currently, there are approx. 900,000 beds in more than 13,000 rest homes in Germany. These are operated by not-for-profit operators (approx. 54.2 %), private operators (approx. 41.1 %) and public operators (approx. 4.7 %), in a very fragmented market. It is estimated that the market share of the five biggest operators is approx. 10 %.

According to some market studies, the capacity of rest homes should increase by approx. 380,000 units by 2030. Thus, the ageing population offers significant growth potential and consolidation opportunities in the collective senior housing sector in Germany.

²⁵ Written in English on 16 December 2016 by CBRE GmbH, and reproduced with permission.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Investment Market

The trend towards a bullish market for suitable nursing home investments has continued in 2016. The transaction volume for nursing homes was at approximately €2.4 billion in the first three quarters of 2016. The investment market was especially dominated by large-scaled portfolio transactions. Therefore, the portfolio-share came in at 86.5 % or €2.1 billion in the first nine months of 2016. International investors committed funds of almost €1.4 billion, thus contributing 56.4 % of the total transaction volume (56.4 %).

It is notable, that the current extensive take-up in the nursing care property market is a definite exception. It nonetheless underscores the interest and also the trust of domestic and international institutional investors – the market for nursing care real estate has come to maturity.

At the end of 2016 the prime yield for state-of-the-art nursing care homes dropped to 5.75 % which is 50 basis points below the figure of 2015.

Investors are increasingly attracted to alternative investment opportunities in their property allocation, with the focus shifting to managed properties. Above all, institutional investors, such as insurance companies and pension funds, are turning increasingly to the asset class of social and healthcare property as, in comparison with conventional core commercial property, such as office or commercial buildings, this is how they can generate higher risk-adjusted returns. In addition, the healthcare market has received significantly better ratings than in the past, ultimately due to the maturing of the operator market as a consequence of the ongoing process of consolidation.

We can expect the demand for healthcare real estate to remain high, especially given the increasing number of specialized investors who seek to invest in Germany over the long term.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.3.3. The Netherlands²⁶

The Netherlands currently has a population of approx. 17 million inhabitants. The Central Bureau of Statistics predicts a slight growth in the population, to reach 17.8 million inhabitants by 2040. Population growth beyond 2040 remains uncertain.

However, it is certain that the number of elderly will increase sharply over this period, from 3 million persons over 65 years of age to 4.7 million in 2040 (i.e. 26 % of the population), and from 0.7 million persons over 80 years old to 2 million persons in 2040 (i.e. 11 % of the population). About 20 % of this group needs care, and over 5 % requires on-going assistance (as provided in traditional care facilities). This latter group often includes individuals suffering from dementia. According to Alzheimer Nederland, the number will more than double by 2040. Consequently, senior care constitutes a significant growth area in The Netherlands.

An increasing portion of these people do not choose for traditional care facilities, but prefer to obtain in-home care or care in private residential care facilities (such as the care residences offered by Domus Magnus). This is due to a number of factors:

- the increasing number of elderly persons with greater financial means and higher education levels as compared to average;
- the policy of separating financing for housing and care, which offers more freedom of choice;
- the high personal contribution required for occupancy in traditional care facilities;
- the higher expectations of the current generation of seniors and their children;
- the limited offerings available in traditional care facilities.

Dutch private care providers have anticipated these trends: there are already more than 150 private residential care facilities in the country and it is foreseen that this number will increase to over 300 by 2025.

According to these trends, it appears that an increasing group of seniors seek - and are able to pay for - higher quality services.

On average, a private residential care facility contains 18 units. The limited number of units is what strengthens and distinguishes them from traditional care facilities and assisted-living apartment facilities, which comprise 60 to 200 residents.

More than half of the country's private residential care facilities are operated independently. Expectations are thus that an increasing number of operators will manage several locations.

²⁶ Written in Dutch on 9 December 2016 by Adviesbureau Zorgvastgoed ABZV, and reproduced with permission. Translation by Aedifica.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

3.4. The hotel market²⁷

The Belgian hotel market has still not fully recovered from the March 2016 attacks in Brussels and Zaventem. The positive trend of prior years has thus been completely reversed, as indicated by the sharp downturn in occupancy rates and RevPar (Revenue per Available Room). In comparison with the same period (April-September) of last year, the average decrease of RevPar amounts to 20 %. In November, a positive trend in RevPar (approx. 9 %) was observed compared to November 2015. Since RevPar had already decreased significantly at the time, this positive trend needs to be put into perspective. In the meantime, occupancy rates, which decreased to less than 60 % in August, have recovered to just above 70 %.

The figures available for 2016 (up to August) provided by Toerisme Vlaanderen (Tourism Flanders) show a similar pattern, albeit less negative, pointing to a decrease in the number of overnight stays of 8% or 1,718,000 units. In particular, the number of foreign tourists has diminished (-14 %), while the decrease from the domestic market was limited to -1.5 %. Additional regional figures are not yet available, but it appears that, in addition to Brussels, the Flemish art cities could not escape this negative trend either.

Despite the difficult market conditions, Brussels celebrated the opening of the new easyHotel Brussels Centre comprising 107 (budget) rooms. The opening contrasts sharply with the bankruptcy of the Sheraton Brussels Hotel.

Although the hotel sector is struggling, investments have continued. A series of investments was carried out in the spring of 2016, which saw changes in ownership of Martin's Relais Hotel in Bruges, Cour Saint Georges hotel in Gent and the Steigenberger Wiltcher's hotel in Brussels. In August, the French investor Corum bought the hotel renovation project at Pelikaanstraat in Antwerp. Upon completion, it will be operated as 'Hampton by Hilton', comprising ±142 rooms.

Strong demand for hotel real estate is not only limited to Belgium but also extends across the EMEA region, thanks to the continued growth of global tourism. However, the record investment volume of 2015 will not be exceeded, particularly because of the sharp decline of investments in the United Kingdom due to Brexit.

²⁷ Written in Dutch on 23 December 2016 by de Crombrughe & Partners NV, and reproduced with permission. Translation by Aedifica.



21 February 2017 – after closing of markets
Under embargo until 17:40 CET

4. Experts' report²⁸

Gentlemen,

We are pleased to send you our estimate of the fair value of investment properties held by the Aedifica group as of 31 December 2016.

Aedifica assigned to each of the three independent external valuers the task of determining the fair value (from which the investment value is derived²⁹) of one part of its portfolio of investment properties. Assessments are established taking into account the remarks and definitions contained in the reports and following the guidelines of the International Valuation Standards issued by the "IVSC".

We have acted individually as independent external valuers and have a relevant and recognised qualification, as well as an ongoing experience for the location and the type of buildings assessed. The valuer's opinion of fair value was primarily derived using comparable recent market transactions at arm's length terms.

Properties are considered in the context of current leases and of all rights and obligations that these commitments entail. We have evaluated each entity individually. Assessments do not take into account a potential value that can be generated by offering the whole portfolio on the market. Assessments do not take into account selling costs applicable to a specific transaction, such as brokerage fees or advertising. Assessments are based on the inspection of real estate properties and information provided by Aedifica (i.e. rental status and surface area, sketches or plans, rental charges and property taxes related to the property, and compliance and pollution matters). The information provided was assumed to be accurate and complete. Assessments are made under the assumption that no non-communicated piece of information is likely to affect the value of the property.

Based on the three assessments, the consolidated fair value of the portfolio amounted to €1,456,292,159³⁰ as of 31 December 2016, including €1,429,606,608 for marketable investment properties³¹. Contractual rents amounted to €80,921,287 which corresponds to an initial rental yield of 5.66 %³² compared to the fair value of marketable investment properties. Assuming that the marketable investment properties, except for furnished apartments, are 100 % rented and that the currently vacant spaces are rented at market prices, contractual rents would amount to €82,306,142, i.e. an initial rental yield of 5.76 %³³ compared to the fair value of marketable investment properties.

²⁸ The expert report was reproduced with the agreement of de Crombrugghe & Partners NV, Stadim CVBA and CBRE GmbH. The sum of all elements of the portfolio individually assessed by the abovementioned independent experts constitutes Aedifica's whole consolidated portfolio.

²⁹ "Investment value" is defined by Aedifica as the value assessed by the external valuers, of which transfer costs are not deducted (also known as "gross capital value").

³⁰ The abovementioned portfolio is broken down in two lines on the balance sheet (lines "I.C. Investment properties" and "II.A. Assets classified as held for sale").

³¹ "Marketable investment properties" are defined by Aedifica as investment properties including assets classified as held for sale and excluding development projects. Marketable investment properties are hence completed properties that are let or lettable.

³² 5.65 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.

³³ 5.74 % compared to the fair value of marketable investment properties increased by the goodwill on furnished apartments and furnishings.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

In the context of a reporting in compliance with the International Financial Reporting Standards, our evaluations reflect the fair value. The fair value is defined by IAS 40 and IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The IVSC considers that the definition of fair value under IAS 40 and IFRS 13 is generally consistent with market value.

de Crombrugghe & Partners SA opinion:

The fair value of the part of Aedifica's portfolio valued by de Crombrugghe & Partners SA is estimated as of 31 December 2016 at €457,616,000 and the investment value (before deduction of the transfer costs³⁴) is estimated at €469,737,500.

Michaël Zapatero and Karen Cox
20 February 2017

Stadim CVBA opinion:

The fair value of the part of Aedifica's portfolio valued by Stadim CVBA is estimated as of 31 December 2016 at €797,736,159 and the investment value (before deduction of the transfer costs³⁵) is estimated at €819,268,903.

Dave Verbist and Katrien Van Grieken, MRE
20 February 2017

CBRE GmbH opinion:

The fair value of the part of Aedifica's portfolio valued by CBRE GmbH is estimated as of 31 December 2016 at €200,940,000 and the investment value (before deduction of the transfer costs³⁶) is estimated at €214,991,276.

Dr. Henrik Baumunk and Andreas Polter
20 February 2017

³⁴ In this context, the transfer costs require adaptation to the market conditions. Based on the analysis of a large number of transactions in Belgium, the Belgian experts acting at the request of publicly traded real estate companies, reunited in a working group, came to the following conclusion: given the various ways to transfer property in Belgium, the weighted average of the transfer costs was estimated at 2.5 %, for investment properties with a value in excess of €2.5 million. The investment value corresponds therefore to the fair value plus 2.5 % of transfer costs. The fair value is also calculated by dividing the investment value by 1.025. Properties in Belgium below the threshold of €2.5 million remain subject to usual transfer costs (10.0% or 12.5% depending on their location). Their fair value corresponds thus to the value excluding transfer costs. In this specific case, for residential units, the fair value reflects the potential capital gain per apartment, if sold.

³⁵ Same comment on transfer costs as in footnote 34 above.

³⁶ Assets located in Germany are not concerned by the comments in footnotes 34 and 35 above. In the assessment of their investment value, the usual German transfer costs are taken into account.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

V. Condensed consolidated financial statements

1. Consolidated income statement

Half year ending on 31 December (x €1,000)	Notes	31/12/2016	31/12/2015
I. Rental income		37,253	28,654
II. Writeback of lease payments sold and discounted		0	0
III. Rental-related charges		-27	-19
Net rental income		37,226	28,635
IV. Recovery of property charges		21	9
V. Recovery of rental charges and taxes normally paid by tenants on let properties		807	685
VI. Costs payable by the tenant and borne by the landlord on rental damage and repair at end of lease		0	0
VII. Rental charges and taxes normally paid by tenants on let properties		-807	-685
VIII. Other rental-related income and charges		-457	-791
Property result		36,790	27,853
IX. Technical costs		-594	-501
X. Commercial costs		-224	-328
XI. Charges and taxes on unlet properties		-97	-104
XII. Property management costs		-542	-538
XIII. Other property charges		91	-2
Property charges		-1,366	-1,473
Property operating result		35,424	26,380
XIV. Overheads		-3,818	-3,013
XV. Other operating income and charges		282	-13
Operating result before result on portfolio		31,888	23,354
XVI. Gains and losses on disposals of investment properties		69	0
XVII. Gains and losses on disposals of other non-financial assets		0	0
XVIII. Changes in fair value of investment properties		597	7,866
Operating result		32,554	31,220
XX. Financial income		129	151
XXI. Net interest charges		-7,568	-5,898
XXII. Other financial charges		-665	-546
XXIII. Changes in fair value of financial assets and liabilities	9	3,443	-951
Net finance costs		-4,661	-7,244
Profit before tax (loss)		27,893	23,976
XXV. Corporate tax		-1,056	-604
XXVI. Exit tax		0	0
Tax expense		-1,056	-604
Profit (loss)		26,837	23,372
Attributable to:			
Non-controlling interests		0	0
Owners of the parent		26,837	23,372
Basic earnings per share (€)	10	1.89	1.66
Diluted earnings per share (€)	10	1.89	1.66



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

2. Consolidated statement of comprehensive income

Half year ending on 31 December (x €1,000)	31/12/2016	31/12/2015
I. Profit (loss)	26,837	23,372
II. Other comprehensive income recyclable under the income statement		
A. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	0
B. Changes in the effective part of the fair value of authorised cash flow hedge instruments as defined under IFRS	2,323	-705
H. Other comprehensive income, net of taxes	0	0
Comprehensive income	29,160	22,667
Attributable to:		
Non-controlling interests	0	0
Owners of the parent	29,160	22,667

3. Consolidated balance sheet

ASSETS	Notes	31/12/2016	30/06/2016
Year ending on (x €1,000)			
I. Non-current assets			
A. Goodwill		1,856	1,856
B. Intangible assets		144	119
C. Investment properties	6	1,449,802	1,152,213
D. Other tangible assets		1,559	1,624
E. Non-current financial assets		2,557	794
F. Finance lease receivables		0	0
G. Trade receivables and other non-current assets		0	0
H. Deferred tax assets		2,183	676
I. Equity-accounted investments		0	0
Total non-current assets		1,458,101	1,157,282
II. Current assets			
A. Assets classified as held for sale	6	6,490	4,621
B. Current financial assets		0	0
C. Finance lease receivables		0	0
D. Trade receivables and other non-current assets		7,507	3,880
E. Tax receivables and other current assets		2,057	1,374
F. Cash and cash equivalents	8	7,917	4,947
G. Deferred charges and accrued income		453	1,058
Total current assets		24,424	15,880
TOTAL ASSETS		1,482,525	1,173,162



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

EQUITY AND LIABILITIES	Notes	31/12/2016	30/06/2016
Year ending on (x €1,000)			
EQUITY			
I. Issued capital and reserves attributable to owners of the parent			
A. Capital	7	369,231	364,467
B. Share premium account		162,757	155,509
C. Reserves		73,302	60,507
a. Legal reserve		0	0
b. Reserve for the balance of changes in fair value of investment properties		131,253	115,366
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties		-29,397	-25,015
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS		-21,372	-23,560
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS		-23,712	-18,256
h. Reserve for treasury shares		0	0
k. Reserve for deferred taxes on investment properties located abroad		230	110
m. Other reserves		0	0
n. Result brought forward from previous years		16,300	11,862
D. Profit (loss) of the year		26,837	40,266
Equity attributable to owners of the parent		632,127	620,749
II. Non-controlling interests		0	0
TOTAL EQUITY		632,127	620,749
LIABILITIES			
I. Non-current liabilities			
A. Provisions		0	0
B. Non-current financial debts			
a. Borrowings	8	678,732	447,721
C. Other non-current financial liabilities		44,134	47,382
a. Authorised hedges	9	40,457	46,055
b. Other	16	3,677	1,327
D. Trade debts and other non-current debts		0	0
E. Other non-current liabilities		0	0
F. Deferred taxes liabilities		7,067	2,881
Non-current liabilities		729,933	497,984
II. Current liabilities			
A. Provisions		0	0
B. Current financial debts			
a. Borrowings	8	89,629	31,027
C. Other current financial liabilities	9	0	0
D. Trade debts and other current debts			
a. Exit tax		9,898	4,505
b. Other		17,238	14,216
E. Other current liabilities		0	0
F. Accrued charges and deferred income		3,700	4,681
Total current liabilities		120,465	54,429
TOTAL LIABILITIES		850,398	552,413
TOTAL EQUITY AND LIABILITIES		1,482,525	1,173,162



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

4. Consolidated cash flow statement

Year ending on (x €1,000)	Notes	31/12/2016	31/12/2015
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss)		26,837	23,372
Non-controlling interests		0	0
Tax expense		1,056	604
Amortisation and depreciation		320	383
Write-downs		20	3
Change in fair value of investment properties (+/-)		-597	-7,866
Gains and losses on disposals of investment properties		-69	0
Net finance costs		4,661	7,244
Changes in trade receivables (+/-)		-3,648	299
Changes in tax receivables and other current assets (+/-)		224	347
Changes in deferred charges and accrued income (+/-)		606	195
Changes in trade payables and other current debts (excl. exit tax) (+/-)		3,411	2,359
Changes in accrued charges and deferred income (+/-)		-980	-1,664
Cash generated from operations		31,841	25,276
Taxes paid		-581	-376
Net cash from operating activities		31,260	24,900
CASH FLOW RESULTING FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-53	-53
Purchase of real estate companies and marketable investment properties		-177,205	-25,930
Purchase of tangible assets		-228	-143
Purchase of development projects		-22,336	-10,738
Disposals of investment properties		273	542
Net changes in non-current receivables		0	0
Net investments in other assets		0	0
Net cash from investing activities		-199,549	-36,322
CASH FLOW FROM FINANCING ACTIVITIES			
Capital increase, net of costs ^o		0	0
Disposals of treasury shares		0	0
Dividend for previous fiscal year		-21,911	-21,849
Net changes in borrowings		249,525	47,190
Net changes in other loans		0	0
Net finance costs paid		-9,443	-6,987
Repayment of financial debts of acquired or merged companies		0	-2,150
Repayment of working capital of acquired or merged companies		-46,912	-3,704
Net cash from financing activities		171,259	12,500
TOTAL CASH FLOW FOR THE PERIOD			
Total cash flow for the period		2,970	1,078
RECONCILIATION WITH BALANCE SHEET			
Cash and cash equivalents at beginning of period		4,947	3,598
Total cash flow for the period		2,970	1,078
Cash and cash equivalents at end of period		7,917	4,676

^o Some types of capital increases (contributions in kind, partial demergers) do not result in any cash flow.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

5. Consolidated statement of changes in equity

Half year ending on 31 December (x €1,000)	1/07/2015	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	31/12/2015
Capital	360,633	1	3,258	0	0	0	0	363,892
Share premium account	151,388	0	3,454	0	0	0	0	154,842
Reserves	41,084	0	0	0	-705	23,315	1	63,695
a. Legal reserve	0	0	0	0	0	0	0	0
b. Reserve for the balance of changes in fair value of investment properties	95,679	0	0	0	0	19,686	0	115,365
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-25,015	0	0	0	0	0	0	-25,015
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-19,667	0	0	0	-705	0	1	-20,371
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-18,717	0	0	0	0	461	0	-18,256
h. Reserve for treasury shares	0	0	0	0	0	0	0	0
k. Reserve for deferred taxes on investment properties located abroad	244	0	0	0	0	-134	0	110
m. Other reserves	0	0	0	0	0	0	0	0
n. Result brought forward from previous years	8,560	0	0	0	0	3,302	0	11,862
Profit (loss)	45,165	0	0	0	23,372	-45,165	0	23,372
Equity attributable to owners of the parent	598,270	1	6,712	0	22,667	-21,850	1	605,801
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	598,270	1	6,712	0	22,667	-21,850	1	605,801



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Half year ending on 31 December (x €1,000)	1/07/2016	Capital increase in cash	Capital increase in kind	Acquisitions / disposals of treasury shares	Consolidated comprehensive income	Appropriation of the result	Roundings	31/12/2016
Capital	364,467	0	4,764	0	0	0	0	369,231
Share premium account	155,509	0	7,248	0	0	0	0	162,757
Reserves	60,507	0	0	0	2,323	10,473	-1	73,302
a. Legal reserve	0	0	0	0	0	0	0	0
b. Reserve for the balance of changes in fair value of investment properties	115,366	0	0	0	0	15,888	-1	131,253
c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-25,015	0	0	0	0	-4,382	0	-29,397
d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-23,560	0	0	0	2,323	-135	0	-21,372
e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-18,256	0	0	0	0	-5,456	0	-23,712
h. Reserve for treasury shares	0	0	0	0	0	0	0	0
k. Reserve for deferred taxes on investment properties located abroad	110	0	0	0	0	120	0	230
m. Other reserves	0	0	0	0	0	0	0	0
n. Result brought forward from previous years	11,862	0	0	0	0	4,438	0	16,300
Profit (loss)	40,266	0	0	0	26,837	-40,266	0	26,837
Equity attributable to owners of the parent	620,749	0	12,012	0	29,160	-29,793	-1	632,127
Non-controlling interests	0	0	0	0	0	0	0	0
TOTAL EQUITY	620,749	0	12,012	0	29,160	-29,793	-1	632,127



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

6. Notes

6.1. Note 1: General information

Aedifica SA (referred to in the financial statements as “the Company” or “the Parent”) is a limited liability company having opted for the status of public regulated real estate company (RREC) under Belgian law. Information regarding its shareholding structure is provided in Note 7. Its office is located at Avenue Louise 331-333, B-1050 Brussels (telephone: +32 (0)2 626 07 70). The Aedifica Group is composed of the parent-company and its subsidiaries.

Aedifica is positioned as a leading Belgian listed company investing in health care real estate, in particular in senior housing. Its strategy is focused on the underlying demographic trend toward population ageing in Europe and the specific needs this trend implies in terms of care and housing. Aedifica aims to create a balanced portfolio that generates recurring revenues and offers potential for capital gains.

The Group mainly concentrates its activity in the senior housing segment, but is also active in apartment buildings and hotels and other building types.

The Company's shares are listed on Euronext Brussels (continuous market), as they have been since October 2006.

Aedifica's financial year runs from 1 July to 30 June. The Condensed Consolidated Financial Statements were approved by the Board of Directors on 20 February 2017 for publication on 21 February 2017 (in accordance with the Company's financial calendar published in the 2015/2016 Annual Financial Report).

6.2. Note 2: accounting policies

Note 2.1: Basis of preparation

The condensed Consolidated Financial Statements cover the period from 1 July to 31 December 2016. They have been prepared in conformity with “International Financial Reporting Standards” (“IFRS”) and the interpretations of the “International Financial Reporting Interpretations Committee” (“IFRIC”) issued as of 30 June 2016 and approved by the European Union (“EU”), as well as IAS 34 “Interim Financial Reporting”. These correspond to the standards and interpretations published by the “International Accounting Standards Board” (“IASB”) and applicable as of 31 December 2016, as elements of IAS 39 that were rejected by the EU are not applicable for the Aedifica Group. The condensed Consolidated Financial Statements have also been prepared in accordance with the spirit and provisions of the Royal Decree of 13 July 2014 on Regulated Real Estate Companies.

The condensed Consolidated Financial Statements are prepared in Euros, and presented in thousands of Euros in a condensed format, as permitted under IAS 34. They must be read in combination with the Condensed Consolidated Financial Statements as of 30 June 2016, which are presented in the 2015/2016 Annual Financial Report.

The Condensed Consolidated Financial Statements have been prepared with application of the historical cost convention, except for the following assets and liabilities, which are measured at fair



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

value: investment properties, assets classified as held for sale*, financial assets and liabilities held for hedging or held for trading (mainly derivatives), and put options granted to non-controlling shareholders.

The Condensed Consolidated Financial Statements have been prepared in accordance with accrual accounting principles on a going concern basis.

The new and amended standards and interpretations listed below are obligatory and have been applied by the Group since 1 July 2016 and have no impact on the condensed Consolidated Financial Statements presented for the 2016/2017 financial year:

- IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations (effective 1 July 2016);
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 July 2016);
- IAS 16 and IAS 41 (amended) – Bearer Plants (effective 1 July 2016);
- IAS 27 (amended) – Equity Method in Separate Financial Statements (effective 1 July 2016);
- Annual Improvements to IFRS 2012-2014 Cycle issued in September 2014 (effective 1 July 2016);
- IFRS 1 (amended) – Disclosure Initiative (effective 1 July 2016);
- IFRS 10, IFRS 12 and IFRS 28 (amended) – Investment Entities: Applying the Consolidation Exception (effective 1 July 2016)

Aedifica has not opted for early adoption of standards, amendments and interpretations, which have been published but are not yet compulsory. These requirements are currently under review.

Note 2.2: Summary of significant accounting policies

A summary of the Group's significant accounting policies is provided in Note 2.2 of the 2015/2016 Consolidated Financial Statements (see pages 148 to 152 of the 2015/2016 Annual Financial Report).

These methods were applied consistently to all previous financial years.

6.3. Note 3: operating segment

The following operating segments have been identified with application of IFRS 8:

- Senior housing: consists of rest homes and assisted-living complexes, rented to operators often under "triple net" long leases (which explains why low operating expenses are accounted for in the segment income statement).
- Apartment buildings: consists of residential apartment buildings located in Belgian cities. When let, the apartments generate rental income. This segment also includes rental income from commercial ground floors and/or office space included in these buildings.
- Hotels and other: consists mainly of hotels rented to operators under "triple net" long leases.

These operating segments are consistent with the internal reporting provided to the Group and its internal reporting structure.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

31 December 2016

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items [°]	TOTAL
SEGMENT RESULT						
Rental income (a)	29,726	5,475	2,151	0	-99	37,253
Net rental income (b)	29,723	5,450	2,152	0	-99	37,226
Property result (c)	29,658	5,074	2,157	0	-99	36,790
Property operating result (d)	29,319	4,071	2,148	-15	-99	35,424
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	29,493	4,078	2,148	-3,831	0	31,888
Operating margin* (d)/(b)						95%
EBIT margin* (e)/(b)						86%
Operating charges* (e)-(b)						5,338
SEGMENT ASSETS						
Marketable investment properties	1,135,824	220,767	66,526	-	-	1,423,117
Development projects	-	-	-	26,685	-	26,685
INVESTMENT PROPERTIES						1,449,802
Assets classified as held for sale	4,440	0	2,050	-	-	6,490
Other assets	-	-	-	26,233	-	26,233
TOTAL ASSETS						1,482,525

31 December 2015

(x €1,000)	Senior housing	Apartment buildings	Hotels and other	Non-allocated	Inter-segment items [°]	TOTAL
SEGMENT RESULT						
Rental income (a)	20,720	5,999	1,995	0	-60	28,654
Net rental income (b)	20,718	5,982	1,995	0	-60	28,635
Property result (c)	20,611	5,303	1,998	1	-60	27,853
Property operating result (d)	20,436	3,566	1,960	478	-60	26,380
OPERATING RESULT BEFORE RESULT ON PORTFOLIO (e)	20,441	3,533	1,960	-2,580	0	23,354
Operating margin* (d)/(b)						92%
EBIT margin* (e)/(b)						82%
Operating charges* (e)-(b)						5,281
SEGMENT ASSETS						
Marketable investment properties	753,774	217,005	72,112	-	-	1,042,891
Development projects	-	-	-	20,523	-	20,523
INVESTMENT PROPERTIES						1,063,414
Assets classified as held for sale	1,265	0	0	-	-	1,265
Other assets	-	-	-	16,007	-	16,007
TOTAL ASSETS						1,080,686

[°] Mainly elimination of the internal rent for the administrative offices of the Company.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica uses the net rental income on a like-for-like basis* to reflect the performance of the investment properties excluding the effect of scope changes; however, this performance measure is not defined under IFRS. It represents rental income excluding the effect of scope changes. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

	31/12/2016	31/12/2015
Rental income	37,253	28,654
- Scope changes	-11,758	-3,026
= Rental income on a like-for-like basis*	25,495	25,628

Aedifica uses operating charges* to globalise the operating charges*; however, this performance measure is not defined under IFRS. It represents items IV. to XV. of the income statement. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as indicated in the first table of this note.

Aedifica uses the operating margin* and the EBIT margin* to reflect the profitability of its rental activities; however, these performance measures are not defined under IFRS. They represent, respectively, the property operating result divided by net rental income and the operating result before result on portfolio divided by net rental income. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as indicated in the first table of this note.

6.4. Note 4: seasonal or cyclical activities

Within Aedifica's three segments, only the apartment buildings segment exhibits a seasonal character, which has an impact on the turnover (traditionally higher in spring and autumn than in summer and winter) and the operating result, for the furnished apartments in particular. Any negative variation tends to be offset in periods of favourable economic conditions. In weak conditions, we note increased volatility during the low season.

The sensitivity of Aedifica's activities to economic cycles is discussed on page 2 of the 2015/2016 Annual Financial Report ("market risks" section).

The new IFRIC 21 interpretation "Levies" has the effect of deferring recognition of taxes in the income statement to the second half of the financial year. These taxes are recognised in the operating charges*. Had these taxes been allocated to the half year under review using the pro rata method, the EBIT margin* would have amounted to approx. 83 %, instead of the 86 % as indicated in Note 3.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

6.5. Note 5: unusual items

No unusual operating items need to be disclosed for the six months ended 31 December 2016, with the exception of the following items:

- Non-recurrent incomes totalling €0.2 million. This amount represents firstly the reimbursement of the 2016 taxes related to the furnished apartments located in the city of Brussels (€149 thousand, recognised on line “XIII. Other property charges”), and secondly the reimbursement of a 2013 tax supplement on undertakings for collective investment (€57 thousand, recognised on line “XIV. Overheads”);
- A non-recurrent income of €0.1 million recognised in the financial income, representing the expected dividend for the period from 1 July 2016 to 8 December 2016 (date of the contribution-in-kind) assumed by the contributor. For the sake of completeness, recall that the financial income of previous financial year's first half year included €0.1 million of financial income, which were paid to Aedifica when the contributor assumed the expected dividend that accrued over the period 1 July 2015 up to the day before the date of the contribution.

6.6. Note 6: investment properties

(x €1,000)	Marketable investment properties	Development projects	TOTAL
CARRYING AMOUNT AS OF 1/07/2015	981,624	21,734	1,003,358
Acquisitions	105,169	5,089	110,258
Disposals	-1,925	0	-1,925
Capitalised interest charges	0	372	372
Capitalised employee benefits	0	28	28
Other capitalised expenses	6,532	25,631	32,163
Transfers due to completion	20,840	-20,840	0
Changes in fair value	16,865	-6,090	10,775
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	-2,816	0	-2,816
CARRYING AMOUNT AS OF 30/06/2016	1,126,289	25,924	1,152,213
CARRYING AMOUNT AS OF 1/07/2016	1,126,289	25,924	1,152,213
Acquisitions	267,876	755	268,631
Disposals	-203	0	-203
Capitalised interest charges	0	190	190
Capitalised employee benefits	0	43	43
Other capitalised expenses	3,597	26,604	30,201
Transfers due to completion	20,692	-20,692	0
Changes in fair value	6,736	-6,139	597
Other expenses booked in the income statement	0	0	0
Transfers to equity	0	0	0
Assets classified as held for sale	-1,870	0	-1,870
CARRYING AMOUNT AS OF 31/12/2016	1,423,117	26,685	1,449,802

In addition to the marketable investment properties recognised on the balance sheet under the line “I.C. Investment properties” among non-current assets, the balance sheet also includes real estate under line “II.A. Assets classified as held for sale” among current assets, amounting to €6,490 thousand. This represents real estate offered for sale in Belgium (assisted-living apartments in Aarschot and office building on rue Royale in Brussels).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

The main acquisitions of investment property during the half are the following:

ACQUISITIONS	Business segment	Properties valuation [°]	Register of corporations	Acquisition date ^{°°}	Acquisition method
(in million €)					
VSP NV	Senior housing	97	0425.057.859	19/08/2016	Acquisition of shares, subsequent liquidation and acquisition of a building
VSP Kasterlee BVBA			0877.687.276		
Het Seniorenhof NV			0434.691.543		
Compagnie Immobilière Beerzelhof NV			0475.364.039		
Avorum NV			0870.199.371		
Huize Uilenspiegel BVBA			0458.503.459		
Coham NV			0456.236.332		
Residentie Sorgvliet BVBA			0470.494.639		
Ezeldijk			-		Acquisition of shares
Aedifica Luxemburg IV SCS	Senior housing	59	LU29050206	31/08/2016	
Aedifica Luxemburg V SCS			LU29050307		
Parc Imstenrade	Senior housing	73	-	14/09/2016	Acquisition of a building via Aedifica Nederland BV
Genderstate			-		
Petruspark			-		
WZC Arcadia BVBA	Senior housing	12	0554.950.658	30/09/2016	Acquisition of shares
Les Jardins de la Mémoire	Senior housing	11	-	8/12/2016	Contribution in kind
Aedifica Luxemburg VI Sàrl	Senior housing	8	LU22078363	15/12/2016	Acquisition of shares
Spes Nostra	Senior housing	7	-	21/12/2016	Acquisition of a building via Aedifica Nederland BV
TOTAL		267			

[°] in order to determine the number of shares issued, the exchange ratio and/or the value of the acquired shares.

^{°°} and consolidation date in the financial statements.

Aedifica uses the following performance measures to determine the value of its investment properties; however, these measures are not defined under IFRS. They represent investment properties clustered in different ways to provide the reader with the most relevant information. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as follows:

	31/12/2016	30/06/2016
Marketable investment properties	1,423,117	1,126,289
+ Development projects	26,685	25,924
Investment properties	1,449,802	1,152,213
+ Assets classified as held for sale	6,490	4,621
Investment properties including assets classified as held for sale*	1,456,292	1,156,834
- Development projects	-26,685	-25,924
Marketable investment properties including assets classified as held for sale*	1,429,607	1,130,910



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

6.7. Note 7: capital

On 2 December 2016, Aedifica completed a capital increase of approx. €8 million (including share premium) with the creation of 122,672 new shares in relation to the 2015/2016 optional dividend (see section 3.8. of the interim Board of Directors' Report for details). Additionally, on 8 December 2016, Aedifica completed a capital increase by way of a contribution in kind that enabled acquisition of the Les Jardins de la Mémoire building and the emphyteusis on the plot of land on which the rest home is located. 65,952 new Aedifica shares were issued for an amount of approx. €4 million (including share premium).

During the course of the half year, Aedifica's capital has increased as follows:

	Number of shares	Capital (x €1,000)
Situation at the beginning of the previous year	14,045,931	370,641
Capital increase	146,101	3,855
Situation at the end of the previous year	14,192,032	374,496
Capital increase of 2 December 2016	122,672	3,237
Capital increase of 8 December 2016	65,952	1,740
Situation as of 31 December 2016	14,380,656	379,474

Capital is presented above before subtracting the costs of raising capital; the capital value presented on the balance sheet, is shown net of these costs, in accordance with IFRS.

Since 18 December 2015³⁷ no shareholder holds more than 5 % of the share capital. The free float is thus 100 %.

The capital increases that occurred prior to 30 June 2016 are disclosed in the "Standing Documents" section of the 2015/2016 Annual Financial Report. All subscribed shares are fully paid-up, with no par value. The shares are registered or dematerialised shares and grant one vote each. All Aedifica shares are listed on the Euronext Brussels continuous market.

Aedifica SA holds no treasury shares.

The Board of Directors is authorised to raise share capital through one or a series of issuances up to a maximum amount of €374 million if the capital increase to be effected is a capital increase whereby the shareholders of the Company have the possibility to exercise a preferential subscription right or a priority allocation right, or up to a maximum amount of € 74.8 million for any other type of capital increase, it being understood that the share capital can never be increased within the framework of the authorised capital in excess of €374 million, on the dates and following the procedures established by the Board, in accordance with Article 603 of the Belgian Companies Code. This authorisation is granted to the Board of Directors for a period of 5 years from the publication date in the annexes of the Belgian State Gazette (Moniteur belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 28 October 2016. Each time new shares are issued, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares (unless such decisions are made by shareholders at the Annual General Meeting). Increases in share capital decided upon by the Board of

³⁷ Declarations of transparency and control strings are available on Aedifica's website. The Company has not received any additional declarations of transparency after those received on 18 December 2015.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Directors may also be realised through subscriptions paid in cash or by way of in-kind incorporation of premiums, reserves, or profits, with or without the issuance of new shares. These capital increases can equally be realised through the issuance of convertible debt securities or subscription rights. As of 31 December 2016, the remaining balance of the authorised capital amounts to €372.3 million for a capital increase which provides a preferential subscription right or a priority allocation right, and €73.1 million for any other type of capital increase.

6.8. Note 8: current and non-current financial debts

(x €1,000)	31/12/2016	30/06/2016
Non-current financial debts		
Borrowings	678,732	447,721
Current financial debts		
Borrowings	89,629	31,027
TOTAL	768,361	478,748

As of 31 December 2016, Aedifica benefits from committed credit facilities totalling €881 million, issued by twelve banks (Bank für Sozialwirtschaft, Bank Degroof Petercam, Banque Européenne du Crédit Mutuel, Belfius, BNP Paribas Deutschland, BNP Paribas Fortis, Caisse d'Epargne et de Prévoyance Nord France Europe, Deutsche Postbank, Förde Sparkasse, ING, KBC Bank and Triodos Bank). Amounts drawn on these credit facilities represent financial liabilities and are carried at amortised cost according to IAS 39 (they are presented as current and non-current financial debts on the Company's balance sheet):

- €789 million remains available for Aedifica to use according to its needs, so long as: (i) the debt-to-assets ratio does not exceed 60 %, and (ii) other covenants (in line with market practice) are met. Each withdrawal is made in euros for a period of up to 12 months at a fixed margin set with reference to the euribor rate prevailing at the time of the withdrawal.
- Aedifica also benefits from amortising facilities amounting to €57 million at fixed rates between 0.5 % and 6.0 %, and amounting to €35 million at variable rate.

As of 31 December 2016, the Group has neither pledged any building in Belgium or The Netherlands as collateral for its debts, nor has it granted any other securities to debt-holders. Note that in Germany, it is customary that real estate buildings financed by bank credit are linked to a mortgage in favour to the creditor bank. As such, 12 of the Group's 21 German buildings are linked to a mortgage, respecting the requirements laid down in Article 43 of the Act of 12 May 2014 on RREC.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

The maturity of Aedifica's credit facilities is as follows (in € million):

	<u>Lines</u>	<u>Utilisation</u>
- 2016/2017 :	30	30
- 2017/2018 :	92	92
- 2018/2019 :	131	111
- 2019/2020 :	80	80
- 2020/2021 :	91	91
- 2021/2022 :	167	127
- 2022/2023 :	160	135
- 2023/2024 :	81	54
- 2024/2025 and following:	<u>49</u>	<u>49</u>
Total as of 31 December 2016	881	769
Weighted Average Maturity (years)	4.3	4.1
- New credit facility established in February 2017, maturing in 2023/204 :	20	
- Early refinancing of a credit facility due to mature in April 2017	-30	
- Early refinancing of a credit facility due to mature in November 2017	-25	
- New credit facility established in February 2017, maturing in 2023/2024	55	
- Depreciation of investment credits	<u>-1</u>	
Total as of 21 February 2017	900	
Weighted Average Maturity (years)	4.6	

During the course of the half, the average effective interest rate*, including the spread charged by the banks and the effect of hedging instruments, was 2.3 % after deduction of capitalised interests (30 June 2016: 2.8 %; 31 December 2015: 2.9 %) and 2.4 % before deduction of capitalised interests (30 June 2016: 2.9 %; 31 December 2015: 3.0 %).

Aedifica uses average effective interest rate* and average effective interest rate before deduction of capitalised interests* to reflect the costs of its financial debts; however, these performance measures are not defined under IFRS. They represent annualised net interest charges (after or before capitalised interests) divided by weighted average financial debts. The definition of these concepts as applied to the Aedifica financial statements may differ from those used in the financial statements of other companies. They are calculated as follows:

(x €1,000)	31/12/2016	31/12/2015
XXI. Net interest charges	-7,568	-5,898
Capitalised interests	190	158
Annualised net interest charges (a)	-14,807	-11,540
Net interest charges before annualised capitalised interests (b)	-15,179	-11,849
Weighted average financial debts (c)	644,074	391,937
Average effective interest rate* (a)/(c)	2.3%	2.9%
Average effective interest rate before capitalised interests* (b)/(c)	2.4%	3.0%



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica uses the financial result excl. changes in fair value of financial instruments* to reflect its financial result before the non-cash effect of financial instruments; however, this performance measure is not defined under IFRS. It represents the total of items XX., XXI. And XXII. of the income statement. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	31/12/2016	30/06/2016
XX. Financial income	129	151
XXI. Net interest charges	-7,568	-5,898
XXII. Other financial charges	-665	-546
Financial result excl. changes in fair value*	-8,104	-6,293

6.9. Note 9: hedging instruments

1. Framework

In order to limit the interest rate risk, Aedifica has put in place hedges that turn the floating rate debt into fixed rate debt (cash flow hedges). All hedges (interest rate swaps or “IRS”, caps and collars) are related to existing or highly probable risks. Hedging instruments are either derivatives which meet the strict criteria set by IAS 39 to allow hedge accounting, or derivatives which do not meet these criteria but which provide economic hedging against interest rate risk nonetheless. All hedges are provided in the framework of the hedging policy set out in Note 44 of the 2015/2016 Annual Financial Report. The fair value of hedges is computed by banks based on the present value of the estimated expected cash flows and is adapted in accordance with IFRS 13 to reflect the own credit risk (“DVA” or “Debit Valuation Adjustment”) and the counterparty credit risk (“CVA” or “Credit Valuation Adjustment”). The tables below list the Company’s hedging instruments.

INSTRUMENT Analysis as at 30 June 2016	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS°	10,175	1/04/2011	3	32	-	4.89	-6,957
IRS°	26,796	31/07/2014	3	29	-	4.39	-13,585
IRS	15,000	2/04/2013	3	9	-	3.50	-3,377
IRS	12,000	3/06/2013	3	9	-	3.64	-2,772
IRS	8,000	3/06/2013	3	9	-	3.67	-1,907
Cap	25,000	1/11/2015	3	2	-	2.50	0
IRS	25,000	3/01/2014	3	7	-	3.10	-3,919
Cap	25,000	1/11/2014	3	3	-	2.50	0
IRS	25,000	2/02/2015	3	6	-	1.94	-2,351
IRS	25,000	3/11/2014	3	6	-	2.51	-2,945
IRS	25,000	1/01/2015	3	3	-	0.70	-329
Cap	50,000	1/10/2015	3	3	-	0.50	23
Cap	50,000	1/10/2015	3	4	-	0.35	86
IRS	25,000	3/11/2014	3	6	-	2.76	-3,219
IRS	25,000	1/01/2015	3	3	-	0.89	-391
IRS	25,000	3/10/2016	3	5	-	2.88	-4,303
Cap	8,000	6/06/2016	1	1	-	0.00	0
Cap	50,000	1/07/2016	3	4	-	0.50	72
Cap	100,000	1/11/2017	3	2	-	0.50	114
Cap	50,000	1/07/2017	3	4	-	0.50	201
TOTAL	604,971						-45,559

° Notional amount depreciable over the duration of the swap. Aedifica and the bank may liquidate in advance these contracts every 10 years.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

INSTRUMENT Analysis as at 31 December 2016	Notional amount (x €1,000)	Beginning	Periodicity (months)	Duration (years)	First date possible for the call	Max. interest rate (in %)	Fair value (x €1,000)
IRS°	10,082	1/04/2011	3	32	-	4.89	-5,966
IRS°	26,304	31/07/2014	3	29	-	4.39	-11,604
IRS	15,000	2/04/2013	3	9	-	3.50	-2,934
IRS	12,000	3/06/2013	3	9	-	3.64	-1,662
IRS	8,000	3/06/2013	3	9	-	3.67	-2,412
Cap	25,000	1/11/2015	3	2	-	2.50	0
IRS	25,000	3/01/2014	3	7	-	3.10	-3,322
Cap	25,000	1/11/2014	3	3	-	2.50	0
IRS	25,000	2/11/2016	3	6	-	1.30	-1,834
IRS	25,000	2/11/2016	3	6	-	1.68	-2,372
IRS	25,000	1/01/2015	3	3	-	0.70	-193
Cap	50,000	1/10/2015	3	3	-	0.50	16
Cap	50,000	1/10/2015	3	4	-	0.35	79
IRS	25,000	2/11/2016	3	6	-	1.87	-2,655
IRS	25,000	1/01/2015	3	3	-	0.89	-230
IRS	25,000	3/10/2016	3	5	-	2.88	-3,883
Cap	50,000	1/07/2016	3	4	-	0.50	68
Cap	100,000	1/11/2017	3	2	-	0.50	110
Cap	50,000	1/07/2017	3	4	-	0.50	220
Cap	50,000	1/11/2016	3	5	-	0.50	494
Cap	75,000	1/11/2016	3	1	-	0.00	0
Cap	50,000	1/01/2019	3	2	-	0.35	231
Cap	50,000	1/11/2019	3	2	-	0.50	439
Cap	50,000	1/11/2017	3	4	-	0.25	601
IRS	75,000	2/01/2020	3	2	-	0.33	-228
IRS	50,000	1/01/2021	3	3	-	0.80	-283
IRS	50,000	1/01/2021	3	2	-	0.64	-188
IRS	50,000	1/11/2019	3	3	-	0.39	-161
IRS	50,000	1/11/2019	3	5	-	0.78	-530
TOTAL	1,146,386						-38,199

° Notional amount depreciable over the duration of the swap. Aedifica and the bank may liquidate in advance these contracts every 10 years.

The total notional amount of €1,146 million presented in the table above is broken down as follows:

- operational and active instruments: €246 million;
- operational instruments which became out of the money (caps): €325 million;
- instruments with forward start: €575 million.

The total fair value of the hedging instruments presented in the table above (-€38,199 thousand) can be broken down as follows: €2,259 thousand under line I.E. of the asset side of the consolidated balance sheet and €40,457 thousand under line I.C. of the liability side of the consolidated balance sheet. Taking into account the carrying amount of the upfront premiums paid for the caps and collars (€3,187 thousand), the effect of the changes in fair value of hedging instruments on equity amounts to -€41,386 thousand.

2. Derivatives for which hedge accounting is applied:

The amounts recorded in equity will be transferred to net finance costs in line with the payment of interest on the hedged financial debt, between 1 January 2017 and 31 July 2043.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

As of 31 December 2016, the equity value includes the effective part (according to IAS 39) of the change in fair value (+€2,323 thousand) of the derivatives for which hedge accounting is applied, and the ineffective portion of the 2015/2016 financial year (charge of €135 thousand) that was appropriated by decision of the Annual General Meeting held in October 2016. These financial instruments are “level 2” derivatives (according to IFRS 13p81). The ineffective part (as defined in IAS 39) is -€51 thousand as of 31 December 2016.

(x €1,000)	31/12/2016	30/06/2016
Changes in fair of the derivatives		
Beginning of the year	-23,560	-19,667
Changes in the effective portion of the fair value of hedging instruments (accrued interests)	-1,513	-10,416
Transfer to the income statement of interests paid on hedging instruments	3,701	6,523
Transfer to the income statement regarding revoked designation	0	0
AT YEAR-END	-21,372	-23,560

3. Derivatives for which hedge accounting is not applied:

The financial result also includes an income of €3,698 thousand (30 June 2016: charge of €5,456 thousand), arising from the change in fair value of the derivatives for which hedge accounting is not applied (in line with IAS 39, as listed in the aforementioned framework). These financial instruments are “level 2” derivatives (as defined in IFRS 13p81). The financial result also includes the amortisation of the premiums paid at the time of the subscription to the caps and collars, which amounts to €192 thousand (30 June 2016: €238 thousand).

4. Sensitivity analysis:

The fair value of hedging instruments is a function of the interest rates on the financial markets. Changes in market interest rates explain most of the change in the fair value of hedging instruments between 1 July 2016 and 31 December 2016, which led to the recognition of an income of €2,698 thousand in the income statement and of €3,698 thousand directly in equity.

A change in the interest rate curve would impact the fair value of instruments for which hedge accounting is applied (in accordance with IAS 39), and recognised in equity (line “I.C.d. Reserve for the balance of changes in fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS”). All else being equal, a positive change of 10 bps of the interest rate curve on the balance sheet date would have had a positive impact on equity in the amount of €2,072 thousand (30 June 2016: €832 thousand). A negative change of 10 bps of the interest rate curve on the balance sheet date would have had a negative impact on equity in the same amount. The influence of a change in the interest rate curve on the fair value (instruments for which hedge accounting under IAS 39 is not applied) cannot be determined as precisely, since options are embedded within these instruments. The fair value of these options will change in a non-symmetric and non-linear pattern, and is a function of other parameters (e.g. volatility of interest rates). The sensitivity of the “mark-to-market” value of these instruments to an increase of 10 bps of the interest rate curve is estimated at +€954 thousand (30 June 2016: +€820 thousand) in the income statement. A decrease of 10 bps in the interest rate curve would have a negative impact on the income statement in the same range.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

6.10. Note 10: earnings per share

Earnings per share (« EPS » as defined by IAS 33) are calculated as follows:

	31/12/2016	31/12/2015
Profit (loss) (Owners of the parent) (x €1,000)	26,837	23,372
Weighted average number of shares outstanding during the period	14,220,596	14,064,202
Basic EPS (in €)	1.89	1.66
Diluted EPS (in €)	1.89	1.66

Aedifica uses profit excluding changes in fair value* to determine the level of proposed dividend; however, this performance measure is not defined under IFRS. Profit excluding changes in fair value* represents the profit (attributable to owners of the Parent) after removing changes in fair value of investment properties and financial instruments. The definition of profit excluding changes in fair value as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	31/12/2016	31/12/2015
Profit (loss) (Owners of the parent)	26,837	23,372
- Changes in fair value of investment properties	-597	-7,866
- Gain and losses on disposal of investment properties	-69	0
- Deferred taxes	640	363
- Changes in fair value of financial assets and liabilities	-3,443	951
Roundings	0	0
Profit excl. changes in fair value*	23,368	16,820
Weighted average number of shares outstanding during the period	14,220,596	14,064,202
EPS excl. changes in fair value (in €)	1.64	1.20

6.11. Note 11: net asset value per share

Net asset value per share (in €)	31 December 2016	30 June 2016
Net asset value excl. changes in fair value of hedging instruments*	46.83	44.98
Effect of the changes in fair value of hedging instruments	<u>-2.88</u>	<u>-3.34</u>
Net asset value	43.96	41.64
Number of share outstanding (excl. treasury shares)	14,380,656	14,192,032

Recall that IFRS requires presentation of the annual accounts before appropriation. Net assets in the amount of €43.74 per share as of 30 June 2016 (as published in the 2015/2016 Annual Financial Report) thus included the dividend distributed in December 2016, and should now be adjusted by €2.10 per share in order to compare with the value as of 31 December 2016. This amount corresponds to the amount of the total dividend (€30 million) divided by the total number of shares outstanding as of 30 June 2016 (14,192,032).



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Aedifica uses equity excl. changes in fair value of hedging instruments* to reflect equity before non-cash effects of the revaluation of hedging instruments; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” without cumulated non-cash effects of the revaluation of hedging instruments. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated as follows:

(x €1,000)	31 December 2016	30 June 2016
Equity attributable to owners of the parent	632,127	620,749
Effect of the distribution of the dividend 2015/2016	0	-29,793
Effect of the changes in fair value of hedging instruments	41,386	47,407
Equity excl. changes in fair value of hedging instruments*	673,513	638,362

Aedifica uses net asset value per share excl. changes in fair value of hedging instruments* to reflect equity per share before the non-cash effect of the revaluation of hedging instruments; however, this performance measure is not defined under IFRS. It represents the line “equity attributable to owners of the parent” without cumulated non-cash effects of the revaluation of hedging instruments, divided by the number of shares outstanding (after deduction of treasury shares) at the closing date. The definition of this concept as applied to the Aedifica financial statements may differ from that used in the financial statements of other companies. It is calculated by dividing equity excl. changes in fair value of hedging instruments* by the number of shares outstanding (after deduction of treasury shares).

6.12. Note 12: contingencies and commitments

A statement of contingencies and commitments as of 30 June 2016 is provided in Note 45 of the Consolidated Financial Statements included in the 2015/2016 Annual Financial Report (see pages 176 - 179). There are no significant changes to be mentioned at the end of the first half of the current financial year, except for the items listed below.

1.1. Construction of assisted-living apartments next to the ‘t Hoge rest home in Kortrijk (Belgium)

Under the long lease with the operator of the ‘t Hoge rest home (entity of the group Senior Living Group), Aedifica committed to an additional funding of the construction of new assisted-living apartments (phase 3), for a maximum additional budget of approx. €2 million.

1.2. Renovation of the Villa Temporis assisted-living apartments in Hasselt (Belgium)

Aedifica committed to finance the renovation of the assisted-living apartments, for an additional budget of approx. €1 million.

1.3. Renovation of the Residenz Zehlendorf rest home in Berlin (Germany)

Aedifica Luxemburg VI SARL committed to finance the renovation of the Residenz Zehlendorf rest home, located in Berlin (Germany), for a maximum budget of approx. €5 million.

1.4. Renovation of the Genderstate (Eindhoven, The Netherlands), Petruspark (Eindhoven, The Netherlands) and Parc Imstenrade (Heerlen, The Netherlands) senior housing sites

Aedifica Nederland BV committed to finance renovation works on the Genderstate (Eindhoven, The Netherlands), Petruspark (Eindhoven, The Netherlands) and Parc Imstenrade (Heerlen, The Netherlands) senior housing sites, for a maximum budget of approx. €2 million.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

1.5. Renovation of the rest home in Bonn (Germany)

Aedifica committed to finance the renovation of the rest home located in Bonn (Germany), for a maximum budget of approx. €1 million.

1.6. Renovation of the Frohnau rest home in Berlin (Germany)

Aedifica Luxembourg IV SARL committed to co-finance the renovation of the Frohnau rest home, located in Berlin (Germany), for a maximum budget of approx. €1 million.

1.7. Acquisition of a rest home in Mechelen (Belgium)

In Note 45 of the Consolidated Financial Statements of the 2015/2016 Annual Financial Report (section 1.18 of Note 45), Aedifica announced a framework agreement (subject to outstanding conditions) to acquire the shares of a company that owns a senior housing site in Mechelen. The parties involved agreed to reduce the property's acquisition value to approx. €16 million.

1.8. Engagements that have already been realised

The commitments presented below, included in Note 45 of the Consolidated Financial Statements within the 2015/2016 Annual Financial Report, have been realised over the first half of the current financial year:

- construction of the new Au Bon Vieux Temps rest home and assisted-living apartments in Mont-Saint-Guibert (Belgium) (section 1.3 of Note 45);
- construction of the new Villa Temporis rest home in Hasselt (Belgium) (section 1.12 of Note 45);
- acquisition of the WZC Arcadia SPRL real estate company, owner of Residentie Den Boomgaard rest home in Glabbeek (Belgium) (section 1.13 of Note 45);
- acquisition of eight companies, owners of 7 senior housing sites (Oosterzonne in Zutendaal, De Witte Bergen in Lichtaart, Seniorenhof in Tongeren, Beerzelfhof in Putte, Uilenspiegel in Genk, Coham in Ham and Sorgvliet in Linter), and acquisition of a rest home in Diest (section 1.21 of Note 45);
- acquisition of the Les Jardins de la Mémoire rest home in Anderlecht (Belgium) (point 1.22 of Note 45).

Moreover, the commitment below (presented in Note 45 of the Consolidated Financial Statements within the 2015/2016 Annual Financial Report) has expired:

- extension of the Oase Binkom rest home in Binkom (Belgium) (section 1.10 of Note 45); the parties involved are discussing a new extension project.

6.13. Note 13: dividends paid

The General Meeting of 28 October 2016 approved the distribution of the result as proposed by the Board of Directors for the 2015/2016 financial year. A dividend of €2.10 was therefore granted for shares entitled to the full dividend, i.e. €30 million. This dividend was paid on 2 December 2016. The conditions for payment on this dividend are the subject of section 3.8. "Optional dividend" of the attached interim Board of Directors' Report.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

6.14. Note 14: subsequent events

No significant subsequent events require a mention in these Condensed Consolidated Financial Statements, with the exception of the following items:

- On 19 January 2017, Aedifica announced the acquisition of a new senior housing site in The Netherlands (in Oude Pekela, in the Province of Groningen). The site comprises a medical centre and a care residence (see section 3.3.3. of the interim Board of Directors' Report).
- On 19 January 2017, Aedifica announced completion of phase I of the extension project of a rest home in Hasselt. Phase I of the extension involved the construction of a new rest home with a capacity of 80 units (see section 3.4.3. of the interim Board of Directors' Report).
- New bilateral credit facility established with Triodos Bank in February 2017 (€20 million, maturing in 2024).
- Refinancing in February 2017 of two credit facilities with ING which were due to mature in April 2017 (€30 million) and in November 2017 (€25 million), extending them to 2024 (€55 million);

6.15. Note 15: related party transactions

Related party transactions relate exclusively to the remuneration of the Company's Directors and the members of the Management Committee (€1.2 million for the first half of the 2016/2017 financial year; €2.0 million for the 2015/2016 financial year).

6.16. Note 16: put options granted to non-controlling shareholders

The Company committed itself to acquire the non-controlling shareholdings (6 % of the share capital) owned by third parties in Aedifica Luxembourg I SCS, Aedifica Luxembourg II SCS, Aedifica Luxembourg III SCS, Aedifica Luxembourg IV SCS, Aedifica Luxembourg V SCS and Aedifica Luxembourg VI SARL, should these third parties wish to exercise their put options. The exercise price of such options granted to non-controlling interest is reflected on the balance sheet on line "I.C.b. Other non-current financial liabilities – Other".



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

7. Auditors' report (limited review)

Report of the statutory auditor to the shareholders of Aedifica SA on the review of the interim condensed consolidated financial statements as of 31 December 2016 and for the 6 month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Aedifica SA (the "Company"), and its subsidiaries as at 31 December 2016 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance the International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Brussels, 20 February 2017

Ernst & Young Reviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Jean-François Hubin
Partner°
° Acting on behalf of a BVBA/SPRL



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

VI. Forward-looking statement

This half year financial report contains forward-looking information involving risks and uncertainties, in particular statements concerning Aedifica's plans, objectives, expectations and intentions. It is brought to the attention of the reader that these statements may involve known or unknown risks and be subject to significant uncertainties related to operational, economic and competitive plans, many of which are outside the Company's control. In the event that some of these risks and uncertainties were to materialise, or should the assumptions prove incorrect, actual results may deviate significantly from those anticipated, expected, projected or estimated. In this context, Aedifica assumes no responsibility for the accuracy of the forward-looking information provided.

VII. Responsible persons statement

Mr. Serge Wibaut, Chairman of Aedifica's Board of Directors, and Mr. Stefaan Gielens, CEO of Aedifica, declare that to the best of their knowledge:

- the Condensed Consolidated Financial Statements, prepared in accordance with applicable accounting standards, give an accurate picture of the assets, financial situation and the results of Aedifica SA and the businesses included in the consolidation;
- the interim Board of Directors' Report contains an accurate account of the important events and key related party transactions that occurred during the first six months of the financial year and their impact on the condensed Consolidated Financial Statements, and a description of the main risks and uncertainties they face for the remaining months of the financial year.

The English version of this press release constitutes a free translation of the text in the French language, made for information purposes only. In case of inconsistency with the French version or inaccuracy of the English translation, the French text shall prevail.



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Table of contents

I. Interim Board of Directors' report.....	2
1. Summary of the activities of the 1 st half 2016/2017.....	2
2. Introduction	3
3. Important events	3
4. Consolidated portfolio as of 31 December 2016	11
5. Gross yield by segment	13
6. Analysis of the half year consolidated accounts.....	14
7. Outlook	20
8. Aedifica rankings	20
9. Principal risks and uncertainties	21
10. Related party transactions	21
11. Corporate governance	22
II. EPRA	23
III. Aedifica in the stock market	27
1. Stock price and volume	27
2. Graphic illustrations of Aedifica's stock price	29
3. Shareholding structure	30
4. Financial calendar.....	30
IV. Property report.....	31
1. Consolidated property portfolio.....	31
2. Marketable investment properties portfolio analysis	37
3. The real estate market.....	41
4. Experts' report	48
V. Condensed consolidated financial statements	50
1. Consolidated income statement	50
2. Consolidated statement of comprehensive income.....	51
3. Consolidated balance sheet	51
4. Consolidated cash flow statement.....	53
5. Consolidated statement of changes in equity.....	54
6. Notes	56
7. Auditors' report (limited review)	72
VI. Forward-looking statement.....	73
VII. Responsible persons statement	73



Half year financial report Regulated information

21 February 2017 – after closing of markets
Under embargo until 17:40 CET

Public REIT under Belgian law
Avenue Louise, 331 box 8 in 1050 Brussels
Tel: +32.2.626.07.70
Fax: +32.2.626.07.71
VAT - BE 0877 248 501 – Registry of Legal Entities of Brussels
www.aedifica.be

Auditor	Ernst & Young Réviseurs d'Entreprises SCCRL, represented by Jean-François Hubin, Partner
Real estate experts	Stadim CVBA, de Crombrugghe & Partners NV and CBRE GmbH
Financial year	1 July - 30 June

For additional information, please contact:

Stefaan Gielens, CEO – info@aedifica.be
Jean Kotarakos, CFO – info@aedifica.be
Martina Carlsson, Control & Communication Manager – info@aedifica.be

This half year financial report is also available in French and Dutch³⁸.

³⁸ The French version of this document has true value. The Dutch and English versions are translations and are written under the supervision of Aedifica.